FINANCIAL TIMES

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WORLD NEWS

Sporting Life to be sold

Robert Maxwell, publisher of Mirror Group Newspapers, said the company would never publish The Sporting Life again and that the paper was for sale.

The announcement followed the breakdown of talks with the printworkers' union, the National Graphical Association, over the transfer of publication of Sporting Life outside London.

Mr Maxwell has appointed the British Newspaper Printing Corporation, which he heads, to print the Mirror titles outside Fleet Street.

Boeing fire row

The head of the U.S. Federal Aviation Administration, Donald Engen, was at the centre of a row after implying on television that UK operating rules were partially responsible for the British Airways Boeing 737 accident at Manchester in which 54 people died. Back Page

TUC clash likely

The TUC Congress in Blackpool next week faces a clash between the National Union of Mineworkers and most other unions over the NUM's call for a future Labour government to reinstate miners sacked in the strike and reimburse it with fines and sequestrated funds. Back Page; Ballot row, Page 4

Chlorine gas burst

One person was killed and 149 injured when chlorine gas leaked from a chemical factory in Bombay, India, during a strike meeting. Page 3

Zimbabwe rebel attack

Rebels attacked a farm and school in southern Zimbabwe, killing 17 people and wounding four, the Government said.

Manifesto in blood

Twenty Philippine journalists signed a manifesto in their blood in Manila to demand action over the unsolved killings of 12 colleagues in the past nine months.

Residents flee Elena

Over 200,000 coastline residents of Alabama and northern Florida fled as hurricane Elena changed course and headed towards them.

Mountain search halted

The Pakistani army abandoned a search in the Karakoram mountains for British climbers Michael Harber and Michael Morris, believed to have been killed last month.

Soccer deal for radio

Live second-half coverage of football matches returns today on BBC Radio 2 and local radio after a deal yesterday between the BBC and Football League. No agreement has been made for coverage on BBC TV and ITV.

Highest pub sold

Tan Hill Inn, in the North Yorkshire dales, which is the highest pub in England at 1,732 ft, was sold to a farmer for £82,500.

U-boat wreck found

Dutch divers found a First World War German submarine which sank off an island in the north of the Netherlands in 1917 with the loss of its 38-strong crew.

Getty gift to Lord's

John Paul Getty II, who is a member of Marylebone Cricket Club, has given £1.5m toward the £4.35m cost of a proposed new Mound stand at Lord's.

In the sixth Test at the Oval, Australia reached 145 for 6 in reply to the England first innings of 464 all out.

Wing and a prayer

A passenger of a light aircraft in Queensland, Australia, climbed on the wing at a height of 640 ft and locked faulty landing gear into position.

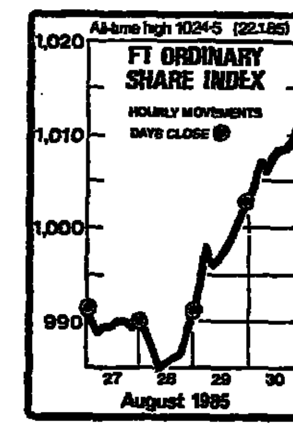
BUSINESS SUMMARY

U.S. trade figures boost $

DOLLAR rose 3.15 pfennigs against the D-mark in London to close at DM 2.811 on a sharp improvement in the U.S. foreign trade balance. Its index rose from 136.7 to 137.5.

It registered further gains against other European currencies but sterling lost only 0.7 cents to close at $1.3930. Back page; money markets, page 11.

OIL shares led equities higher on the strength of Thursday's better-than-expected BP interim results. The FT Ordinary Share



Index rose 10 to 1,013.9—10.6 off its peak—making a gain of 54.4 on the three-week Account. Page 12

GOLDS rallied after calls by South African business groups for political changes and on pay deals with the black mineworkers' union. The FT Gold Mines Index rose 10.6 to 290.7, giving a fall of 20.6 on the week. Page 12; Commodities, Page 11

BRITOIL joint managing director Ian Clark is leaving the UK's largest oil company with immediate effect. Page 3

NISSAN UK, privately-owned car importer, has been valued by City bankers at between £220m and £300m. This is well above the value of a likely bid by Nissan of Japan. Page 4

NIGERIA'S military leader Ibrahim Babangida hinted that the country might seek to reschedule debt service payments which absorb 44 per cent of foreign exchange revenue. Page 2

GREECE said it could not meet a January 1986 deadline for introducing value added tax. It plans to ask the European Community for a postponement. Page 2

JAPANESE capital outflow was a record $8.87bn (£6.34bn) in July, mainly because of buying of U.S. government securities, Tokyo's Finance Ministry said.

ITALIAN tourism revenue helped the country's overall balance of payments deficit to fall in July to L4,758bn (£1.84bn) from L8,000bn at the end of June. Page 2

BOEING of the U.S. made a last-minute attempt to stop an aircraft order from Indian Airlines worth up to $1bn (£714m) being switched to Airbus Industrie. Page 3

SWEDISH Government prolonged the partial price freeze until mid-December but freed several more sectors from its effects. Page 2

BRITISH AEROSPACE shares rose 15p to 378p on first-half pre-tax profits which were up 21 per cent at £68.3m. Back page; details, page 8

CHEUNG KONG, Hong Kong holding company, revealed first-half unaudited net profits of HK$245.1m (£22.5m), up 70 per cent. Page 9

CONSAFE, troubled Swedish offshore services group, rejected a rescue offer from main creditor Swedyard, and said it faced bankruptcy. Page 9

MARKETS

DOLLAR

New York lunchtime:
DM 2.81225
FFr 8.585
SwFr 2.3095
Y238.95

London:
DM 2.811 (2.7795)
FFr 8.585 (8.485)
SwFr 2.308 (2.2785)
Y238.8 (237.05)

Dollar index 137.5 (136.7)
Tokyo close Y237.1

U.S. LUNCHTIME RATES

Fed Funds 7⅞%
3-month Treasury Bills: 7.12%
Long Bond: 101⅜
yield: 10.47

GOLD

New York: Comex October latest $336.5
London: $333.5 ($335.5)

STERLING

New York lunchtime $1.3925
London: $1.393 (1.40)
DM 3.915 (3.89)
FFr 11.9525 (11.885)
SwFr 3.215 (3.1925)
Y332.5 (332)
Sterling index 82.7 (82.4)

LONDON MONEY

3-month interbank:
closing rate 11⅝% (11¾)
3-month eligible bills:
buying rate 11⅜% (11⅛)

STOCK INDICES

FT Ord 1,013.9 (+10.0)
FT-A All Share 646.26 (+1.0%)
FT-SE 100 1,340.8 (+16.9)
FT-A long gilt yield index:
High coupon 10.31 (same)
New York lunchtime:
DJ Ind Av 1,331.21 (−3.92)
Tokyo:
Nikkei Dow 12,713.15 (−15.65)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 16; Belgium Fr 42; Denmark Kr 7.25; France Fr 8.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 8.00; Portugal Esc 60; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

STATEMENT TOMORROW ON RAND

Tutu urges EEC to back sanctions

BY MICHAEL HOLMAN, TONY HAWKINS AND PETER MONTAGNON

BISHOP Desmond Tutu, the Anglican Bishop of Johannesburg, yesterday urged the visiting delegation of European Community Foreign Ministers to support efforts to bring about reform in South Africa through economic pressure.

The Nobel peace prize winner, who was accompanied by Dr Beyers Naude, secretary of the South African Council of Churches, said in Pretoria that the case for disinvestment and sanctions had been put as one of the few remaining non-violent measure which could bring about fundamental change.

Bishop Tutu's views are bound to have some impact on the EEC, members of which are still divided on the sanctions issue.

His readiness to set out the case for economic measures confirms the position he took earlier this month in the wake of the failure of Mr P. W. Botha, the State President, to announce policy reforms during his speech in Durban.

The EEC delegation—Mr Jacques Poos of Luxembourg, Mr Hans van den Broek of the Netherlands, and Mr Giulio Andreotti of Italy—was due to meet Mr Pik Botha, South Africa's Foreign Minister, last night, and to fly to Cape Town today for talks with Mr P. W. Botha.

In a move which coincided with the arrival of the delegation, due to report back to all EEC Foreign Ministers on September 10, the Government announced that the 99-year leasehold system had been extended to 34 more black townships in the Cape Province.

This will give about 152,000 blacks the right to own property in what were previously areas limited to coloureds (mixed race).

The South African business community is anxiously awaiting a statement by Mr Barend du Plessis, the Finance Minister. He is expected at the weekend to detail measures to prop up the rand. The currency and stock markets are to reopen on Monday.

Bankers in London said there was now increasing expectation that Sunday's measures would include a unilateral, if temporary, moratorium on short-term debt repayments. Such a move would follow the apparent failure of South Africa to win support for international credits to shore up its $12bn (£8.6bn) short-term debt.

There was considerable confusion yesterday when the country's third-largest bank, Nedbank, said it had closed its foreign branch operations pending re-opening of the South African markets.

It said the temporary closure had been recommended by the South African Reserve Bank after consultation with both the Bank of England and the Federal Reserve in New York.

Two smaller banks—Trust Bank and Volkskas, both with

Continued on Back Page

Unrest in South Africa, Page 2
Why there has been no gold fever—so far, Page 7

McAlpine to sell S. Africa subsidiary

By Charles Batchelor in London and Tony Hawkins in Johannesburg

ALFRED McALPINE, the construction and quarrying group, yesterday joined the ranks of British companies to pull out of South Africa with the proposed sale of its 68.3 per cent stake in its local subsidiary to South Africa's Gencor mining group for £17.6m cash.

Mr Bobbie McAlpine, chief executive, denied that the sale was the result of current unrest in South Africa. The deal had been agreed on before the latest troubles following an approach in May from Trans-Natal Coal Corporation, Gencor's coal mining arm, he said.

The McAlpine announcement came on the same day that BTR, the British industrial holding company, said it was postponing the planned merger of its South African operations with those of Dunlop South Africa. BTR bought Dunlop, the British parent company, earlier this year.

Sir Owen Green, BTR chairman, denied that this move was a prelude to the company divesting itself of its South African operations.

The suspension on Tuesday of currency and stock market trading in South Africa is understood to have made it impossible for accountants to value the assets of the two companies. Minority shareholders own 38 per cent of BTR South Africa and 49 per cent of Dunlop South Africa.

In a separate development, Northern Engineering Industries Africa announced plans to buy International Harvester's South African business.

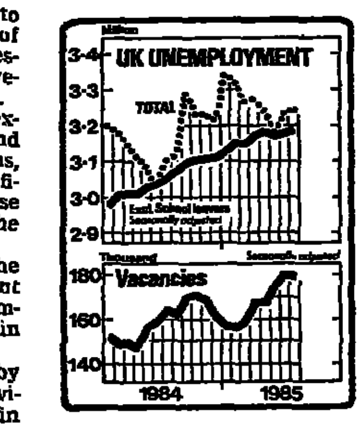
Continued on Back Page

Jobless rise in August may hide improving trend

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UNEMPLOYMENT continued to rise in August, to a new peak of 3.24m, but official figures yesterday suggested some improvement in the underlying trend.

The number out of work, excluding school-leavers and adjusted for seasonal variations, rose by 6,400 to 3.18m, a significantly slower rate of increase than in the early part of the year.



In the latest three months the average rise in unemployment was only 1,700 a month, compared with 10,500 a month in the first half of the year.

The figures were hailed by the Government as further evidence of a significant easing in the unemployment trend.

The Charter for Jobs, set up recently to campaign for more expansionary policies, agreed that the figures helped confirm the slowdown in the underlying rate of increase since last year, but said that a much faster rate of economic growth was needed to make a large impact on the problem.

Yesterday's figures from the Department of Employment suggest that expansion of job creation and training schemes announced in the Budget may be starting to affect the figures.

In July about 630,000 people, mostly youngsters, were taking part in these schemes, and it was officially estimated that 415,000 of them would otherwise have been registered as unemployed.

This estimate of the effect of the schemes on the unemployment register is 10,000 higher than the figure for May.

Yesterday's figures also showed that adult male unemployment scarcely rose in August, and has fallen by 12,000 since its peak in April.

The Government is taking encouragement from the fact that the average number of reported vacancies in the three months to August was 170,000, 10 per cent higher than the comparable figure a year ago.

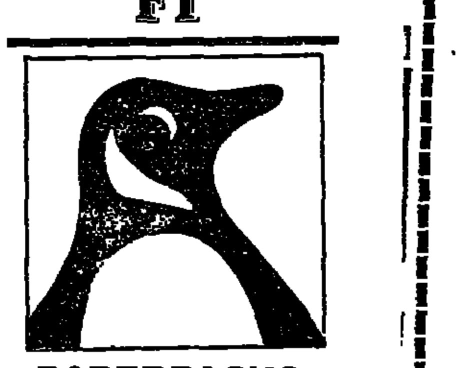
The overall (headline) total of unemployed is expected to rise sharply in September.

In August school-leavers were 126,000 out of work.

The 13.4 per cent of the UK labour force unemployed is high by international standards, though the figure has been rising in most countries. The average for EEC countries is just short of 11 per cent.

Regional unemployment map, Page 3
Lawson rules out change to boost jobs, Page 3

WEEKEND FT

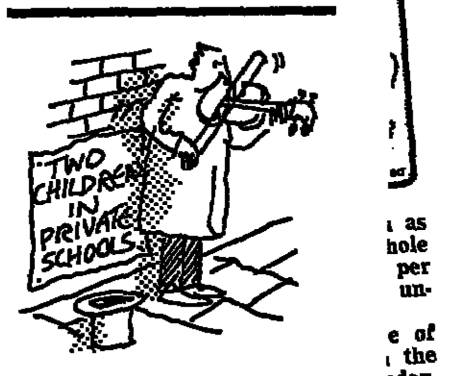


PAPERBACKS

As Penguin celebrates its golden jubilee, publishing itself shows changes nearly as radical as Allen Lane's original idea for good reads at cheap prices. Page I

SHOOTING

Beginner's guide to a sport as lethal to your bank balance as it is to game birds. Page IX



SCHOOL FEES

How to pay those bills? Taking out a loan can be the most convenient way. . . . Page V

RUGBY LEAGUE

Spellbinding sport that has everything going for it except a game plan for the future. Page XII

CompAir to axe 500 jobs at Cornish plant

BY JOAN GRAY

NEARLY 500 people — more than half the workforce — are being made redundant by CompAir at Camborne, Cornwall. The company, Britain's leading manufacturer of compressed air equipment, was taken over by the Windsor-based Siebe industrial group only six weeks ago.

CompAir's workforce at its Camborne plant will be cut from 807 to 310. At present the company is one of the largest employers in Cornwall, where unemployment is running at about 20 per cent.

Mr Vernon Cobb, company secretary of Siebe, said: "The only alternative to redundancies was closing the plant completely, which was being considered because it is just not viable in its present form.

"The plant was still making losses despite an investment programme and this is the only way to give it a future."

The dismissals form part of a rationalisation programme drawn up by CompAir's management before Siebe, which makes diving equipment, garage machinery and compressors, bought it from Imperial Continental Gas for £78m in July.

Mr Derek Williams, chairman of the council covering the Camborne area, said he was calling for special assistance from the Government to help counteract the "devastating

Continued on Back Page

Teachers' employers to make new pay offer

BY DAVID BRINDLE, LABOUR STAFF

EDUCATION AUTHORITY leaders yesterday called a further meeting of the Burnham negotiating committee on teachers' pay, promising an "improved" offer in the hope of settling the seven-month dispute in schools in England and Wales.

According to the statutory Burnham constitution, the meeting must take place within 14 days. As leaders of the main teachers' unions will be at the TUC conference in Blackpool next week, the meeting looks likely to be towards the end of the fortnight period.

The employers gave no details of their fresh proposals, which they discussed yesterday and which will be based on the offer by Sir Keith Joseph, Education Secretary of a conditional £1.25bn extra for teachers' pay between 1986 and 1990.

Indeed, it was far from clear what the employers considered the present pay offer to be: although a package costed at 6.06 per cent in the current year has been read into the Burnham record, Mrs Nicky Harrison, the employers' Labour leader, said yesterday she considered the standing offer to be 5 per cent plus arbitration.

Asked what the status of the 6.06 per cent package was, she replied rather cryptically that "certain things become part of mythology."

Mrs Harrison said she was "optimistic" of a settlement. Her colleagues appeared less than confident, however. The main unions, which plan to resume disruptive action next week when most schools return after the summer break, cautiously welcomed the prospect of talks.

There appear two major obstacles to achieving agreement with the unions on the basis of Sir Keith's proposals: he is offering no extra funding for this year; and his entire package is conditional on a new teacher contract.

Significantly, however, he said in a statement on Thursday: "The best prospect for a settlement of the teachers' dispute is a deal — possibly a staged deal — which takes account of 1986 as well as 1985 and allows the Government to approve the use of the extra £1.25bn for teachers' pay."

Further, Sir Keith's stipulation on the contract issue has been "satisfactory progress" in negotiations by October 11. Clearly, the employers hope the divide between this year and next year, when £200m of the £1.25bn would come on tap, can be blurred by a heavily phased or staged deal.

In addition, there could be a sweetener of new payments of up to £5.50 a day for teachers or other staff who supervise children at lunchtimes. This plan, currently under separate consideration by the employers, would add about 1 per cent to the pay bill and would ultimately be financed by Sir Keith's £1.25bn.

Miquel to stay as Bell chairman

BY LISA WOOD

THE TWO-MONTH drama surrounding the bitter take-over battle for Scotch whisky distiller Arthur Bell by Guinness had a surprise epilogue yesterday with the announcement that Mr Raymond Miquel will remain as Bell chairman and chief executive.

Mr Miquel, who fought fiercely to maintain his company's independence, in what proved one of the most acrimonious bid battles seen in the City, had announced in the early days of the takeover that he could not work under Guinness regime. There was little evidence during the ensuing weeks that he had changed his mind.

Guinness however, under Mr Ernest Saunders, its chief executive, has no experience in the whisky business and was known to be keen to keep Mr Miquel in a senior position, thus ensuring continuity within Bell's management.

Guinness has tried to maintain continuity of management in its recent acquisitions, which include R. S. McColl, the newsagent, and the Champneys Health group.

The announcement yesterday came after a two-day visit to Scotland by Mr Saunders. Guinness announced last Friday it had won control of Bell but it is understood that no meeting was arranged earlier between Mr Saunders and Mr Miquel because both sides wanted the blaze of publicity surrounding the £356m bid to die down.

Mr Miquel will report directly to Mr Saunders. At the same time, Bell is to have two joint managing directors: Mr Shaun Dowling, a member of Guinness's management committee, and Mr David Harley, an existing Bell board member. Mr William Young, a corporate planner at Guinness, will join the Bell board. Bell previously did not have a managing director.

While Mr Miquel's defence against Guinness won him few admirers in the City, the decision that he should remain as chairman and chief executive was well received. Mr Alan Gray, of Glasgow-based stockbrokers, Campbell Neil said: "This is the best thing for everyone concerned. If Mr Miquel had left there would have been a real vacuum at Bell which Guinness would have found difficult to fill."

Guinness's bid for Bell, announced in mid-June was one of the most ferociously fought for some years, with the Bell board eventually splitting and one director, Mr Peter Tyrie, urging acceptance of the bid.

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For London market and latest share index 01-246 8026; overseas markets, 01-246 8086

Unrest in South Africa claims more lives

BY MICHAEL HOLMAN IN JOHANNESBURG

THE CAPE TOWN area of South Africa saw some of its worst violence for decades yesterday during battles between police and rioters in non-white suburbs.

Following three days of violence the area's death toll climbed to 22, including two children aged 10 and 12. At least 150 people, including 26 policemen, are reported injured but unofficial reports put the numbers of dead and injured very much higher.

Most of yesterday's conflict was centred on coloured areas while black townships appeared calmer. In Mitchells Plain, a coloured suburb, roads were blocked by fiery barricades while masked teenagers hurled stones and petrol bombs.

Police reported unrest at other parts of the Cape peninsula including Paarl, where teargas, rubber bullets and shotguns were used to disperse rioters.

In their periodic reporting on detainees under South Africa's emergency powers, the police revealed yesterday that some 2,400 people had been held, of whom 1,218 have been released after questioning.

Dr van Zyl Slabbert, the leader of the opposition Progressive Federal Party (PFP), yesterday called for the abolition of the country's tricameral parliament which excludes blacks, and the holding of a national convention to draw up a new constitution "free of racism and racial domination" and "based on one citizenship in one country."

Opening the federal congress of the PFP in Durban, Dr Slabbert said South Africa was being ravaged by unrest and in a state of "crisis."

The message that apartheid was killing South Africa, he told the delegates, had come "year in, year out," from every quarter.

"Even now, Government does not listen. Businesses are going bankrupt, people are leaving the country who we can ill-afford to lose, the rand is sliding into oblivion, there is unrest in the townships, escalating by the day, and we have yet to hear one Cabinet minister, from the State President down, state clearly 'We have been wrong, we have to change fundamentally,'" he added.

Instead, Dr Slabbert went on, South Africa had been "treated to gobbledygook and nonsense which not even they themselves can understand."

The PFP holds 27 seats in the 178-member white House of Assembly, making it the largest white opposition party.

Events since the referendum in 1983, in which two-thirds of the white electorate supported the new tricameral assembly for whites, indians and coloureds but excluding blacks, had "completely vindicated" the party's opposition to the change, said Dr Slabbert.

The PFP, he went on, would campaign for a national convention "so that a new constitution for all South Africans can be negotiated free of racism and racial domination."

The PFP leader condemned violence from any side, but he had seen the unrest in the townships and heard the angry rhetoric at funerals of people killed in the unrest, and experienced how "out of touch" Government was with the demands of black spokesmen.

"It is because and not despite this that I believe constitutional reform has become more possible, and urgent, than ever before."

Mr P. W. Botha, the President was "not up to the challenge of the time," said Dr Slabbert, for he did not understand the nature of the problem, and was out of touch

Lagos may seek to reschedule payments

By Patti Waldmeir in Lagos

NIGERIA'S new military leader yesterday hinted that the country might seek to reschedule debt service payments which are currently absorbing some 44 per cent of foreign exchange revenues.

Stressing that the new regime intended to honour all international debt commitments, President Ibrahim Babangida said the pace of debt repayment might have to be altered.

In his first meeting with representatives of foreign diplomatic missions in Lagos since taking power in a coup on Tuesday. He said: "We will honour our debt obligations, at a pace calculated to relieve the present severe pressure on the economy with its attendant increase in unemployment because of lower import levels of raw materials."

It was not clear whether the General was referring to the repayment of short-term or medium-term debts. Nigeria is estimated to have between \$7bn-\$5bn (\$3.6bn) in overdue trade debts.

Some \$500m in promissory notes have so far been issued as part of an agreement fixed last year to reschedule the uninsured portion of these debts. However, over \$2bn in insured debts included in this total are not yet subject to a rescheduling agreement.

Debt service projected at 44 per cent of export earnings in the 1985 budget is forecast to rise to more than 65 per cent by the time it peaks in 1987.

The new leader stressed his Government's commitment to "fundamental human rights" and freedom of the Press. Earlier he had ordered the release of some 25 people detained by Maj Gen Muhammadu Buhari, former head of state.

Life in Lagos had returned to normal by yesterday with only a few military roadblocks in the streets. The reaction to the coup among ordinary Nigerians appeared muted yesterday, with one national daily characterising it as a reaction of "no sorrow, no joy."

U.S. allows export of sensitive microchip technology to Spain

THE U.S. Administration has finally agreed to allow American Telephone and Telegraph (AT & T) to export know-how for a \$200m (£143m) microchip project in Spain. The deal follows more than a year of wrangling over the risk of East bloc countries obtaining "leading-edge" U.S. technology, Spanish officials said yesterday.

At the same time, Sr Joan Majo, the Spanish Industry Minister, said he believed Madrid would in the medium-term join Cocom, the organisation through which other Western countries and Japan monitor exports of potential military utility.

Official agreement for the project was obtained in tough last-minute negotiations in Washington this week after new Spanish regulations on the re-export of acquired technology failed to satisfy the U.S. authorities.

The plant, to be built near Madrid, is for the design and production of custom-made C-MOS (Complementary Metal Oxide Semiconductor) chips for the EEC market. It will be run by A T & T in conjunction with the semi-state Spanish telecommunications group Compania Telefonica Nacional de Espana, which will have a 20 per cent shareholding. It is seen as the lynchpin of Spain's ambitious electronics programme.

The plant will produce chips with a line-definition of 1.75 microns and, according to Sr Majo, will be the most advanced in Europe.

The initial 1987 target date for the start-up of production is being maintained, despite the delay in gaining a go-ahead from the U.S. Commerce Department. The plant is due to reach a production level of 26m circuits a year in 1991, with annual turnover of \$200m. Some 80 per cent of output is destined for export — less than originally sought by the Spanish authorities.

The joint company, with a capital of \$65m, will employ 674 and benefit from substantial Government aid, including the grant of building land, direct subsidies of up to \$60m and access to \$75m in low-cost official credit.

The project became the focus of friction between Washington and Madrid over export controls last year. Both the microchip technology and the product itself are regarded by the U.S. as highly sensitive.

Against a background of previous instances in which U.S. high-technology items have been re-exported through Spain, the U.S. sought a commitment by Madrid either to join CoCom or to sign a bilateral control agreement. The Spanish Government eventually produced a new set of export regulations in June on the same broad principles as those used by CoCom.

Little sign of U.S. recovery

By Stewart Fleming

THE VIGOROUS rebound in economic activity officially projected by the Reagan Administration is still not in sight judging from economic data released yesterday.

The Commerce Department reported that the index of leading economic indicators, which is designed to predict the direction of economic activity in the months ahead, increased only 0.4 per cent in July. But an important contributor to the increase was rapid growth of the money supply which many economists believe is related to extraordinary factors not directly related to the performance of the economy.

The department also revised downwards the index for June to show an increase of 0.4 per cent rather than the 1.0 per cent rise initially reported.

Separately, the department reported a significant improvement in America's foreign trade balance in July. The trade deficit, which had hit a near record \$13.4bn in June, fell back to \$10.5bn in July.

The decrease reflected a combination of a \$1bn cut in imports of petroleum products and a \$1.8bn decline in imports of manufactured goods, mainly Japanese cars, iron and steel products and telecommunications equipment.

The lower-than-expected level trade deficit is expected to result in a slight rise in the current estimate of second quarter real growth of 2 per cent.

The Reagan Administration has officially projected a significant revival in the pace of economic growth in the second half of the year after a 1 per cent rate of increase in the first half. But economic statistics for July have cast doubt on this optimistic assessment.

Yesterday the Commerce Department added to the gloom, reporting that new orders for manufactured goods in July fell 1.3 per cent on a seasonally adjusted basis with a decline in defence orders accounting for half the fall.

Robert Thomson examines a Chinese public relations drive

Red carpet treatment for Tibet

BEARING gifts of 80,000 alarm clocks, 10,000 metres of silk, and a packet of tea for every Tibetan family, the Chinese Government will celebrate the 20th anniversary of the Tibetan autonomous region tomorrow. Whether Tibetans feel they have reason to celebrate is another matter.

Tibet has been an embarrassment for the present Chinese leadership, which has launched an extraordinary public relations drive to convince the world that the mountainous region China invaded is thriving with happy Tibetans having as much autonomy as anyone could want and unlimited freedom to practise their religion.

The Chinese "liberated" Tibet in 1950, when its troops invaded the strongly Buddhist country with the aim of eradicating "feudalism" and "serfdom."

In reality, strategic interests were of more concern. Tibet became a buffer between China and India and offers a useful supply of mineral resources, including large uranium reserves.

Chinese authorities justified the predatory act by claiming Tibet had always been an "inalienable part of China" and formally established the misnomer of an "autonomous region" on September 1 1965.

Six years earlier, a Tibetan uprising was quashed by the Chinese army and the country's spiritual leader, the Dalai Lama, walked across the border to India, where he runs a government-in-exile. As part of the public relations drive for the "anniversary" the Chinese Government invited him to visit but he turned down the offer.

The attention devoted to Tibet is said by observers here to be related to two key aims of the Chinese leader, Deng Xiaoping: the settlement of Hong Kong, and hte reunification of Taiwan.

International respectability is seen by Peking as playing an important role in the achievement of these policy aims.

Hong Kong is already on the road back to Chinese control but he is still keen to convince the world that all is well in Tibet. The Chinese media has carried story after story in recent weeks, claiming that "television aerials have sprung up on the roofs of many Tibetan style houses," that "a random survey of foreigners shows most foreign visitors here think the Tibetan people now enjoy the freedom to practise their religion" (50 people were allegedly surveyed), and that "a welcome awaits returning Tibetans."

A young Tibetan begging in the courtyard of one of the monastries not destroyed by the Chinese.

A high-powered group of Peking's leaders, including Hu Qili, the influential party secretariat member, arrived in Tibet earlier this week for the "anniversary." As they left Peking, Xinhua, the Chinese news agency, proclaimed that the autonomous region now has "more autonomy."

The report claimed Tibetan officials could ignore instructions from central authorities if they are "in total discomformity to local conditons," and "Tibetan herdsmen and peasants have full independence in production, and no one is allowed to force them to do or not to do this or that."

The present Chinese leadership argues that Tibet is "a problem left over from history." In 1980, to the tune of much breast-beating and lamenting, the Government confessed that things had gone wrong in the past.

It admitted that about 10 per cent of Tibetans had been incarcerated at some time, and that the policies of forcing the region to dump traditional agricultural practices in an attempt at modernisation had failed.

But the repentence could not replace the hundreds of temples damaged and repay the hundreds of thousands of Buddhists persecuted during the fanaticism of China's cultural revolution (1966-76). Nor could it replace the lives of at least 87,000 Tibetans (a Chinese figure) who died resisting the occupation of their land.

The government-in-exile estimates that up to 1m Tibetans have perished since the Chinese moved in.

Paradoxically, the Chinese are paying an unexpectedly high price for the territory they occupy. To prove they are not neglecting the region, they have found themselves lumbered with hefty subsidies.

By the end of 1983, an estimated \$3bn (£2.1bn) had been spent on Tibet, with another \$250m in special aid sent to the region last year in an attempt to counter the effects of four years of drought. It is estimated that Peking will send \$267m in welfare funds this year.

The Chinese, acutely conscious of their international image, have also encouraged a highly publicised revival of Tibetan education, and are supporting the use of traditional medicines.

Despite the claimed benevolence of present government policies, China finds it necessary to have high-profile troops guarding bridges and other strategic links. It's part of the insurance policy to maintain Tibet as Chinese property.

Sweden prolongs partial price-freeze to December

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH Government has prolonged its partial price freeze till mid-December. Several more sectors, however, have been released from the freeze, following agreement with the state authorities on controlled price increases.

The latest price freeze was imposed in March at a time when the Government was seeking agreement from trade unions on moderate wage settlements for 1985 in support of its anti-inflation policy.

The Social Democratic Government, which is facing a general election in two weeks, set an official target for reducing inflation to only 3 per cent by the end of the year.

The target level was broken in May and most forecasts now suggest that prices will still be rising by 5.5 to 6.0 per cent by the end of the year. Inflation has slowed in the last two months, however, and by mid-August the year-on-year inflation rate had fallen to some 6.9 per cent from 7.9 per cent in July.

The price freeze now covers around 30 per cent of private consumption. Most of the agreements reached by different business sectors with the state include guarantees on controlled price increases running into the first half of 1986.

Swedish industry has attacked the policy complaining that price freezes have been in force for 40 per cent of the present Government's three-year term.

● The Swedish engineering industry, which accounts for around 48 per cent of Swedish exports of industrial goods, warned yesterday that the sector had passed the peak of the current cycle.

The Swedish Engineering Federation said the downturn is most noticeable in electrical engineering while demand in the transport sector could also have peaked. It expects continuing strong demand during the Autumn in the mechanical engineering sector.

Local manufacturers are losing market share to foreign producers. Imports of engineering products have risen by 15 to 20 per cent in volume this year, compared with a 4 to 5 per cent increase in the volume of exports.

Greece bid to delay VAT introduction

By Andriana Ierodiaconou in

GREECE is not in a position to meet a January 1986 deadline for the introduction of value added tax (VAT) and plans to ask the European Community for a postponement, the second since joining the Community in 1981, it has been disclosed in Athens.

Under the Greek Treaty of Accession to the EEC, a VAT system should have been in operation by January 1984. But the Greek Government sought, and won, a two-year delay for "technical reasons."

In the interval Athens has continued to pay into the EEC budget on a basis of its relative gross domestic product, rather than the VAT basket of goods and services which determines other member states' contributions.

According to Mr Yiannis Papantoniou, the assistant economy minister, Greece is not sufficiently prepared to cope with the introduction of VAT next year. VAT will replace a web of indirect taxes currently in use in Greece.

The Minister said, however, that the Government remains committed to applying VAT, a move which it believes it will benefit the economy as a whole.

State Department doctor plays down 'spy dust' fears

BY OUR MOSCOW CORRESPONDENT

AMERICANS in Moscow need not fear for their lives even if they have been smeared with "spydust," the rare chemical which Washington claims KGB agents used to keep track of its citizens.

That is the assessment of a U.S. State Department doctor who carried out initial medical tests soon after the U.S. alleged last week that Moscow used a possibly cancer-causing substance against Americans.

The findings, revealed yesterday by a senior western diplomat who declined to be named, compounded confusion about exactly how dangerous the chemical is

The State Department expert now believes NPPD, first traced in 1976 but only recently brought to the attention of American residents, was employed in microscopic quantities easily broken down in the human body.

But specialists are still not ruling out the possibility that NPPD is cancer-inducing.

Swiss to streamline U.S. requests for legal aid

BY JOHN WICKS IN BERNE

SWITZERLAND is taking steps to streamline the processing of applications from the U.S. for assistance with its legal investigations following a new round of talks between the two countries which ended yesterday .

In the past few years, such official aid has often proved a vexed question in Swiss-American relations. While Washington feels Switzerland's banking secrecy is frequently abused to contravene U.S. law, the Swiss object to cases where they consider their national sovereignty has been disregarded.

The issue came to a head last year when the Swiss-based Marc Rich commodities group was fined \$50,000 by a New York court for failing to deliver subpoenaed documents.

Washington and Berne have settled their differences but the Marc Rich dispute highlighted the conflict between the two jurisdictions.

Dr Mathias Kraft of the Swiss foreign office, said this week's discussions were positive and constructive.

Opening shots fired in Argentine election battle

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S Government and Opposition have fired the opening salvos of what promises to be a hard-fought run-up to November's mid-term congressional elections, amid fierce public debate over economic policy.

A series of rallies throughout the week culminated on Thursday night with a partially successful national strike and a big demonstration by the country's main trade union organisation, the General Confederation of Labour (CGT). Government supporters symbolically staged a smaller rally in the Luna Park stadium on Tuesday, where Sr Raul Alfonsin launched his successful bid for the Presidency three years ago.

A Gallop opinion poll just published here showed President Alfonsin's popularity nearly doubled since June, the month the Government introduced the austerity package which has cut monthly inflation from 30 to under six per cent.

But Thursday's events showed many Argentines to be divided rather than convinced by the Government's argument that the country is on the way to economic recovery.

Trade union officials said Argentines were paying for the curb on inflation with an increasingly high level of unemployment and falling real salaries. They have called for a moratorium on the country's \$48bn foreign debt and the introduction of job creation measures.

The most recent official statistics show that unemployment increased from 4.4 to 6.3 per cent between May 1984 and May 1985—the highest figure in 11 years.

Barre supports French action

FRANCE'S FOREIGN intelligence services are unlikely to face a full-scale reorganisation, despite the furore in France and abroad over the Greenpeace affair, Paris newspaper reports suggest.

Le Monde said yesterday that any changes would be limited and would concentrate on the operations unit of the DGSE, the intelligence service. Three DGSE members were aboard the yacht Ouvea, which was in New Zealand waters at the time of the bomb attack on the Rainbow Warrior, the Greenpeace environmentalist group's protest vessel, in Auckland harbour in July.

The Ouvea left the area after the Rainbow Warrior sinking and has not been seen since.

Information leaks, on which the news stories are based, appear intended to counter the interpretation put on remarks by M Laurent Fabius, the Prime Minister, who earlier this week said "important deficiencies" in the DGSE would be put right.

Some observers saw this as meaning that the Government intended to dismiss senior DGSE officers.

Mr Raymond Barre, the former Prime Minister, supported the nationalist line yesterday by saying the Government's duty was to protect the French nuclear programme. He would support whatever contributed to that.

The duty of the President and Government was to defend French interests as a nuclear and Pacific power "in whatever circumstances and against no matter whom . . . It is a dark affair and will remain so, as is the nature of this type of business."

Inflation rate in Spain falls

By David White in Madrid

SPANISH inflation, after surging earlier this year, came down last month to an annual rate of less than 8 per cent, the lowest since before the 1973 oil crisis, according to the official consumer price index.

July's moderate 0.6 per cent increase, which follows a 0.2 per cent drop in prices in June, raises the Socialist Government's hopes of a revival in household consumption in the second half of the year. The easing of inflationary pressures comes amid signs of some economic recovery after a disappointing [illegible]alf.

[illegible] per cent increase last year brings [illegible] the Govern[illegible] [illegible]el for the

Italy's balance of payments deficit reduced in July

BY JAMES BUXTON IN ROME

ITALY'S overall balance of payments deficit, which has been steadily mounting for most of this year, fell in July, thanks mainly to the annual influx of tourists.

Last month there was a balance of payments surplus of L1,778bn (£683m), compared with a surplus of L1,864bn in July 1984. The deficit for the first seven months of the year declined to L4,738bn compared with a deficit of L2,362bn for the equivalent period of last year. By the end of May this year the deficit had soared to L5,000bn.

Most reports suggest that Italy has been enjoying a record season for tourists whose influx may have been further encouraged by the 5 per cent devaluation of the lire in the European monetary system on July 20.

The Bank of Italy revealed yesterday that its reserves of convertible currency were virtually unchanged at the end of July compared with the month before, declining only from L23,490bn to L23,214bn.

Official figures released yesterday showed that Italy's trade deficit in June, the latest month for which statistics are available, was the lowest monthly figure recorded this year. The deficit was L2,465bn compared with a deficit of L3,010bn

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OVERSEAS NEWS

Boeing in last minute bid to win Indian deal

BY JOHN ELLIOTT IN NEW DELHI

BOEING, the U.S. aircraft manufacturer, yesterday made a last-minute attempt to prevent an aircraft order from Indian Airlines worth $500m to $1bn (£714m) being switched to Airbus Industrie.

The U.S. company made an offer to sell 35 of its 737-300 aircraft for about $20m to $25m each at a board meeting of Indian Airlines. Yesterday's meeting had been expected to approve an order for 31 Airbus A320s. *This would have meant* cancelling a contract for 25 Boeing 757s, powered by Rolls-Royce engines, which India had provisionally awarded 13 months ago.

Indian Airlines, India's domestic carrier, urgently needs new aircraft to replace an ageing fleet of Boeing 737s and until yesterday had not considered buying Boeing's latest 300 version of that aircraft.

Last night there was no official comment available from the airline, but talks are expected to be resumed on Monday with the aircraft manufacturers and engine makers.

The total cost of the project is estimated in the industry to be approaching $1.6bn over 10 years and this makes it a key factor in the current tough world-wide contest between Boeing and Airbus for major orders.

Both companies have cut their prices substantially, and offered various fringe benefits with Airbus stealing what was thought to be a final winning lead within the past few weeks.

The 737-300 is a smaller aircraft than the 205-seat Boeing 757 and the 162-seat Airbus A320, and may not appeal to the Indian Government because it is not the latest technology. However it is available more quickly than the Airbus A320 which has yet to fly.

Whichever aircraft is chosen however, it now seems likely that Rolls Royce has the £100m order it negotiated last autumn to power the Boeing 757s.

If the Boeing 757 were still to be chosen—now unlikely—it would probably be powered with Pratt and Whitney's PW-2037 engine. If the Airbus A320 is chosen, its engine will probably be produced by the new International consortium of Rolls, Pratt, MBB and Italian and Japanese companies, instead of a General Electric engine that was originally favoured. The Boeing 737-300 offered yesterday is powered by a GE-Snecma engine.

Signs of breakthrough in Sri Lanka crisis talks

BY JOHN ELLIOTT IN NEW DELHI

THE FIRST signs of a possible breakthrough in Sri Lanka's ethnic crisis which could lead to talks being resumed between the island's Government and leaders of the minority Tamil community emerged yesterday in New Delhi.

After 10 days of continuous diplomatic activity by the Indian Government aimed at keeping the two sides talking through intermediaries, Mr Hector Jayawardene, brother emissary of Mr Junius Jayawardene, Sri Lankan President, is thought to have been persuaded to approve proposals for regional devolution.

After seeing Mr Rajiv Gandhi, Indian Prime Minister, he is expected to fly home today to Colombo for talks with Mr Junius Jayawardene, the President.

The proposals involve the creation of provincial councils in the Tamil areas of the north and east of the island, although the councils' power over key subjects such as law and order and land settlement are understood not to have been agreed.

Mr Gandhi is also hoping to meet leaders of the Tamil extremists groups soon. His aim is to persuade both sides that sufficient progress is being made for them not to need to revert to basic principles if formal talks are resumed.

Talks between the two sides in Thimpu, capital of the northern Himalayan kingdom of Bhutan, broke up 11 days ago as renewed violence erupted in Sri Lanka. Little progress had been made in the talks because both sides were then sticking to hard-line basic principles.

Mr Gandhi is anxious to help a settlement of the issues because there are close links between the Sri Lankan Tamils and people in the southern Indian state of Tamil Nadu. But he is facing political opposition in Tamil Nadu because of a strong line he has been taking with the extremists.

Yesterday over 1,000 people were arrested when they disrupted rail services to protest against the deportation of three militant Tamil leaders. One of the three, Mr S. C. Chandrahasan, was readmitted to India yesterday and set free after he had refused to leave an aircraft in the U.S. He then issued a statement backing Mr Gandhi's initiative.

Alan Cass adds from Colombo: Mr Gandhi has told the two sides to the Sri Lankan peace talks that he wants an outline settlement by September 15. He is hoping for an agreement in principle by September 25 when he addresses the UN General Assembly in New York.

One dead, 110 injured in Bombay gas leak

ONE PERSON was killed and 110 treated in hospital yesterday when chlorine gas leaked from a Bombay chemical factory during a protest by plant workers, Reuter reports from Bombay.

The gas escaped while it was being transferred from a 37-tonne tank at the privately-owned Calico Mills in the north-east of the city.

The pipe transferring the chlorine burst while workers were protesting at the factory gates over the plant's closure.

The Press Trust of India (PTI) said victims included 14 firemen and 12 policemen.

The others were employees and people living near the factory.

Clouds of gas sent residents rushing into the streets, coughing and complaining of burning eyes.

PTI said some of the injured were taken to hospital unconscious.

A police spokesman said the situation was under control after firemen sprayed water on to the leaking pipe to cool it and dilute the chlorine.

One of those taken to hospital was Dr Datta Samant, a prominent trade union leader and Opposition member of India's national parliament.

Yesterday's incident was the second big chlorine gas leak in Bombay in the past two months.

Iraq claims Kharg raid

BY OUR MIDDLE EAST STAFF

IRAQ SAID yesterday it had launched its third attack in a fortnight on Iran's main oil export terminal at Kharg Island and seriously disrupted attempts to repair earlier damage.

Baghdad said its aircraft dropped 12 bombs on Kharg, but there was no independent verification of the raid. Two weeks ago Iraqi aircraft partially damaged one jetty and hit a tanker at Kharg, apparently without causing any large scale disruption to Iran's oil exports.

Both countries will be anxious to mark the fifth anniversary of the outbreak of the Gulf War next month with evidence of their ability to bring the fighting to a successful end.

Iraq is anxious for peace talks, but Iran insists it cannot abandon the war until President Saddam Hussein is overthrown.

Afghanistan talks may hinge on summit

BY MOHAMMED AFTAB IN ISLAMABAD

PROSPECTS for achieving the withdrawal of 115,000 Soviet troops from Afghanistan could hinge on any progress made at November's summit meeting between President Reagan and Mr Mikhail Gorbachev, the Soviet leader, a UN official said here yesterday.

Following the fifth round of UN-sponsored talks between Pakistan and Afghanistan, Mr Diego Cordovez, the UN under-secretary general, said the summit could be helpful "if leaders of the two superpowers can tell each other that they want the Afghan problem to be settled politically."

Mr Cordovez said Mr Sahabzada Yaqub Khan, Pakistan's Foreign Minister, and Mr Shah Mohammed Dost, Kabul's Foreign Minister, have agreed to resume discussions in Geneva on December 16—soon after the Reagan-Gorbachev summit.

He said: "I am going to report to UN Secretary General Mr Javier Perez de Cuellar, that the process of negotiations on Afghanistan is moving forward."

"The present difficulties indicate that we are reaching the key issue which is to be solved, but I am convinced that there is going to be a solution" of the Afghan problem, he added.

Asked whether Islamabad and Kabul are sincere in the talks and prepared to give major concessions to solve the problem, Mr Cordovez said: "They are determined, sincere and serious." He said they had stressed to him that they wished to continue the negotiations.

Japanese wine sales hit by scandal

By Carla Rapoport in Tokyo

AUSTRIA'S wine scandal reached Japan this week with the discovery of the toxic chemical diethylene glycol in at least two brands of wines produced by Manns, a leading Japanese wine maker and subsidiary of Kikkoman, the soy sauce and food giant.

According to the Health and Welfare Ministry yesterday, Manns has been blending its own wine with wine imported in bulk from Austria. The Austrian imports contained diethylene glycol—chemical solvent used in the manufacture of textiles and plastics. More than 300,000 bottles of the contaminated wine are believed to have already been distributed.

Although the wine is to be recalled as quickly as possible, wine importers believe the scandal will damage domestic and foreign wine sales in Japan. Manns' wines are marketed as Japanese products, and thus customers believed they would be free of possible contamination.

Many European wines have been withdrawn from retailers' shelves in Japan over the last few months. Mitsukoshi, one of Japan's leading department store chains, said its wine sales in August had plunged by nearly 50 per cent from a year earlier. Australian wine has also been badly hit because of the confusion between the two countries' names in Japan.

● Suntory, Japan's largest distiller and leading winemaker, intends to market Chateau Lafite-Rothschild wines in Japan starting next month. The French house currently sells about 100 cases of wine in Japan a year. Suntory says it plans to double this in the first year and reach 1,000 cases a year in a few years' time. Total Japanese imports of foreign wines were about 22,000 cases last year, with French wine accounting for about 40 per cent of the total.

Zimbabwe attack

Rebels attacked a farm and school in southern Zimbabwe, killing at least 17 people, Reuter reports from Harare. Officials said one white farmer went missing following the attack on Thursday night.

Police and army units were following the rebels, estimated to be about 15 in number.

The incident was one of the most violent in three years of intermittent dissident activity in western and southern areas of Zimbabwe.

Japanese record

The net outflow of Japanese capital hit a record $8.57bn (£6.3bn) in July as Japanese investors pumped more money into the U.S., Reuter reports from Tokyo.

The Finance Ministry said yesterday the July figure topped the previous high of $8.36bn last December. The outflow was caused mainly by active buying of foreign currency bonds, especially U.S. government securities, by Japanese institutions.

Palestinians held

Israeli security forces yesterday detained another 14 Palestinian Arabs suspected of subversive activity on the West Bank, Walter Ellis reports from Tel Aviv.

The Arabs were served with administrative detention orders under which the army can hold them for up to six months without trial. On Thursday, three Palestinians with histories of opposition to Israeli rule on the West Bank were issued with deportation orders, and a further 15 Arabs were told their movements would in future be restricted.

Singapore election

Wee Kim Wee, unanimously elected president of the republic of Singapore by parliament yesterday, is due to be officially installed on Monday in the largely ceremonial position of Singapore head of state, AP reports from Singapore.

Wee will be the first Chinese to become President of this city state of 2.5m.

A former journalist, Wee, 69, was Singapore's High Commissioner to Malaysia from 1973 to 1980, served as ambassador to Japan from 1980 to 1984 and became chairman of the state-owned Singapore Broadcasting Corporation in May this year.

UK NEWS

Andrew Taylor examines confusion over mortgage-linked borrowing schemes

Using the home to secure a personal loan

THE PUBLIC embarrassment of Kleinwort Benson, the merchant bank, over plans to offer mortgage linked personal loans highlights the confusion and uncertainty *surrounding* the Bank of England's attitude to such lending.

The confusion centres on guidelines to discourage banks and building societies from granting personal loans which could be used for personal expenditure, issued by the Bank of England and the Treasury in 1982.

The object of the guidelines was to stem inflationary pressures *arising from sharp* increases in credit when the banks were going flat out to capture a substantial slice of the mortgage market from the building societies.

The continued existence of these rather woolly and clumsily-worded guidelines, however, brings into question the authorities' reaction to a series of personal loan schemes being offered against the security of borrowers' homes.

Kleinwort's initial response to suggestions that it was breaking the guidelines was that it was merely replying to schemes already offered by foreign banks operating in the UK.

The implication was that if Kleinwort's plans offended, then what were the authorities doing about schemes being advertised by U.S. bank, finance houses and others which clearly flout the spirit, if not the letter, of the guidelines?

The Bank of England remains reticent about its attitude towards the guidelines. It stresses that they remain in force and should be observed but it says nothing about how it intends to enforce its wishes or, more importantly, whether it has any desire to do so.

The feeling in the savings and loans industry is that the Bank of England has been equally embarrassed by the affair as Kleinwort.

Either the Bank has no power to act or it recognises that the climate has changed and that the guidelines, in their present form, are no longer relevant. Certainly there is much wider support for greater competition between banks, building societies and finance houses.

The Treasury's response has been less ambivalent. Its reply to a mortgage-linked personal loans scheme launched by the Bristol and West Building Society was that although the schemes did not breach the letter of the guidelines it did breach the spirit.

The Treasury, however, decided not to pursue the matter in the light of forthcoming legislation which is to substantially widen the lending powers of building societies including, it is expected, giving them the right to make unsecured personal loans.

Under the Bristol and West scheme, existing borrowers can increase their loan to up to 75 per cent of the current market value of their home. Interest on the additional element, which can be drawn in stages and used for anything, is set at three percentage points above the society's standard mortgage rate, shortly to be reduced to 12.75 per cent.

Savings on such personal loans schemes can therefore be considerable. Interest rates on unsecured loans from banks stand at around 23 per cent.

Kleinwort Benson, which yesterday met the Bank of England to discuss whether to modify or withdraw its plans, is effectively offering personal loans at more than 10 percentage points below normal consumer loans.

Mr Mark Boleat, deputy general secretary of the Building Societies Association, took the view that societies should be allowed to offer personal loans based on the security of people's homes and that this is not precluded in the wording of the guidelines.

He said: "Such products are already advertised by foreign banks and finance houses and are commonplace in the U.S. where they often come complete with chequebooks. They are even sold by subsidiaries of British clearing banks such as Barclays and National Westminster."

There is clear demand for these products. Research by building societies suggests that between 5 and 10 per cent of their total lending could be used to finance personal expenditure.

It is already widely accepted that a proportion of mortgage lending by building societies or banks finds its way directly or indirectly into consumer spending.

A typical scenario might be a family needing an additional £5,000 to pay for home improvement. They add another £1,500 to their mortgage request to make sure all contingencies are covered. The building society manager then persuades them to take a further £2,000 just in case. When the bills are all paid several thousand pounds is left over to pay for a new car or Mediterranean holiday.

To police the system to ensure that this does not happen would be extremely costly, time consuming and unrealistic. Societies and banks argue that *such practices are not* widespread but even 2 to 5 per cent of lending ending up this way amounts to quite a large sum.

This cannot make Kleinwort's angst any easier for it to bear.

KLEINWORT BENSON met the Bank of England yesterday to iron out the disagreement over the merchant bank's controversial mortgage lending scheme, writes George Graham.

Both sides sought to minimise the *dispute after* the meeting between Mr Michael Hawkes, Kleinwort's chairman, and Mr Eddy George, executive director of the Bank in charge of monetary policy.

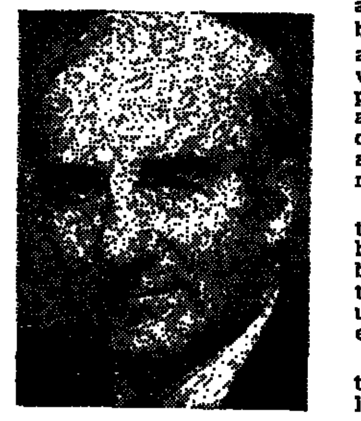
The Bank is sticking to its guns over the 1982 lending guidelines breached by Kleinwort.

Kleinwort has been marketing its short-term mortgages with the suggestion that they be used for such things as to buy a boat.

Potential borrowers apply for the largest mortgage they require up to 70 per cent of the value of their homes.

Because the borrowings are secured *against a home* the interest rate charged is significantly lower than for conventional unsecured personal loans.

Kleinwort is left in confusion by the controversy. Mr Hawkes said earlier that Kleinwort had no wish to quarrel with the Bank, but no final decision on whether to withdraw the offending mortgage scheme is likely until Monday.



Michael Hawkes, Kleinwort Benson chairman

Senior executive leaves Britoil

BY DOMINIC LAWSON

MR IAN CLARK, joint managing director of Britoil, the UK's largest independent oil company, is leaving Britoil immediately. He was appointed to British National Oil Corporation's board in 1976 by Mr Tony Benn.

Formerly Mr Clark, 46, was chief executive of Shetland Island Council. When Britoil was privatised in 1982 he became one of two joint managing directors.

Britoil yesterday would not comment on the reasons for the unexpected departure. In the oil industry, however, it is indicated that Britoil last October appointed its first chief executive, Mr David Walker, whose views appeared different to those of Mr Clarke on how the company should manage its international diversification.

Under Mr Clark, who was in charge of Britoil's international moves, the company spent about $170m (£122m) largely on oil — and gas — producing properties in the U.S. Mr Walker, however, who joined Britoil after a career with British Petroleum, is intent on a more aggressive, broadly-based international expansion with more emphasis on exploration in unexplored areas than acquiring assets in the U.S.

Oil analysts say Mr Clark was a political appointment initially. As Shetland Island Council chief executive he obtained unheard of concessions from the international oil industry when it set up operations at Sullom Voe terminal, Shetland. For this reason he, though highly respected, did not enjoy altogether cordial relations with the rest of the industry.

He also had responsibility within Britoil for personnel, legal and public affairs. These roles will probably be taken on by someone else within the company but without board status.

It also appears possible no joint managing director will be appointed, because the existing management structure is seen as unwieldy.

Mr Clark was on a salary of about £75,000 with a service contract running to the end of June, 1988. Yesterday Britoil said any golden-handshake was a matter for Mr Clark and the company.

Mr Clark has been on leave all week. His next career move is not known. However, he is a member of the Plymouth Brethren and in an interview with the FT last year indicated he wished eventually to return to public service.

Lloyd's group to fight High Court legal action

BY JOHN MOORE, CITY CORRESPONDENT

OAKELEY VAUGHAN, the Lloyd's insurance broker and underwriting agency group, is to fight a legal action by several Lloyd's underwriting members who have issued a writ in the High Court.

The members, Mr John Leon Gilbart, Mr Sydney Freed and Mr Richard Douglas Overall, are also suing the Corporation of Lloyd's as part of the action in connection with the management of their affairs in the market and Mr Charles St George, who heads the Oakeley Vaughan group.

The legal row has erupted over the operation of three syndicates into which the members were grouped and which have produced losses running into millions of pounds.

The members claim damages in the writ, which has been served on the parties. They are claiming against Lloyd's for negligence and/or breach of duty for alleged failure to supervise their affairs properly. They also allege breach of duty by Lloyd's to disclose the facts of an inquiry it carried out into the affairs of Oakeley Vaughan (Underwriting) in 1981.

They are claiming damages against Mr St George for negligence and/or breach of duty for allegedly not supervising their affairs properly. They are also claiming damages for alleged breach of fiduciary duty in failing to disclose the facts and *conclusions of an* inquiry into his suitability to continue as an executive director of the Oakeley Vaughan Underwriting agency company.

In the action it is to be alleged that Mr St George was reprimanded in private by the then Lloyd's ruling committee and the decision was detailed in a letter dated December 4, 1981.

The Oakeley Vaughan broking company is being sued by the underwriting members for breach of oral and/or written contract in December 1981 or January 1982 in connection with a reinsurance contract.

BBC submits evidence to Peacock

By Raymond Snoddy

THE BBC earlier this week submitted privately its evidence to the Peacock committee, which is looking into the future funding of the corporation.

The BBC board of governors decided that the members of the Peacock committee should have the chance of reading the evidence in its entirety before summaries appear in the press.

The submission, which was produced entirely within the BBC by a committee chaired by Mr Brian Wenham, BBC Television's director of programmes, will be published in about a month's time.

The BBC has also commissioned independent research on how the advertising market would be affected if the BBC was to transmit advertising—one of alternatives to the licence fee which the Peacock committee is considering.

That research will be submitted to Peacock in December. The low-key BBC approach is in marked contrast to that of the ITV companies, which published their evidence on Thursday, almost immediately after submitting it.

However, the BBC, like ITV, is expected to argue against the introduction of advertising by the corporation. It believes the licence fee remains the best source of finance.

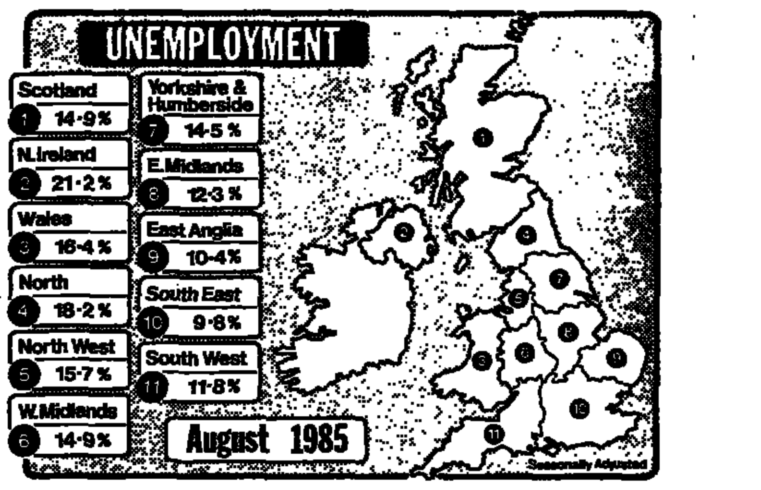
The Independent Programme Producers' Association, which represents 250 independent television production companies, argues in its evidence to Peacock that the BBC should save money by reducing its in-house programme-making capacity by 50 per cent over a period of time and through natural wastage.

The association believes the BBC should follow the *Channel 4 model and acquire* more programmes and facilities from outside. If necessary, it should encourage a *proportion of its production* staff to set up independently to provide them.

Gilts issue to attract high-rate taxpayers

THE Bank of England yesterday announced the issue of £250m of gilt-edged securities designed to appeal to high-rate taxpayers.

The two tranches of existing stock, £100m of 3 per cent Treasury 1989 and £150m of 3 per cent Treasury 1990, will be available for trading on Monday.



The relatively prosperous South-east suffered among the sharpest rises in unemployment in August, according to the latest official figures out yesterday.

They show that for Great Britain as a whole underlying unemployment — excluding school leavers and corrected for seasonal variations—rose by 5,100 to 3.06m, a rise of about 0.2 per cent.

However, in the South-east, which has the lowest unemployment rate of 9.8 per cent of the workforce, the number out of work rose by 4,300.

This was almost as much as for the country as a whole and represented about ½ per cent rise in the regional unemployment total.

Other large rises were of just over ½ per cent in the South-west, Greater London, Yorkshire and Humberside.

The largest proportionate rise was in Northern Ireland, where the increase of 1,300 represented more than 1 per cent of the regional total.

For the UK as a whole, including Northern Ireland, the underlying unemployment total rose by 6,400 to 3.18m.

Lawson rules out change in policy to boost jobs

BY IVOR OWEN

MR NIGEL LAWSON, the Chancellor of the Exchequer, affirms his view that the continuing high level of unemployment does not justify a change in the Government's economic policy in a pamphlet to be published on Monday by the Conservative Political Centre.

He insists: "It is a fallacy that changing policy would help employment."

The pamphlet is based on a speech made by Mr Lawson to the Conservative Politcila Centre summer school in July, in the wake of the Brecon and Radnor by-election when ministers were still reeling after the capture by the Liberals of what had been regarded as a safe Conservative seat.

He then upset the Prime Minister by claiming that the Government had adopted "the middle way" in tackling the problem of curtailing public expenditure.

Significantly, this emotive phrase, redolent of Mr Harold MacMillan's advocacy of Keynesian policies of demand management, was immediately interpreted as an oblique signal of a shift of policy by the Chancellor. It does not appear in the pamphlet, however.

The Prime Minister made no secret of her anger over Mr Lawson's slip when he made his speech, and later went out of her way to assert that the Chancellor should have spoken of "the right way."

In the pamphlet, the Chancellor's oft-repeated contention that there is no shortage of demand in the economy is reiterated at length.

He writes: "Indeed Britain's total turnover in cash terms this year will be twice its 1978 level. To seek to solve the problem of unemployment by injecting more cash into the economy is rather like assisting an alcoholic who has given up drink by giving him just a small drink to help him on his way. That is the worst possible thing you can do."

Mr Lawson also scoffs at the claims of Opposition spokesmen that Britain is still in recession. He states: "While unemployment remains a serious problem, output, investment, productivity, profits and exports are all at record levels and all are growing. The plain truth is *that we have made substantial progress.*"

Britain's Economy: a mid-term report by Nigel Lawson. Published by the Conservative Political Centre.

High-Tech study for small firms

By Lisa Wood

CONSULTANTS have been appointed by the Department of Trade to look at the needs of small firms investing in advanced manufacturing in electronics (AMIE).

Michael Shortland Associates, independent consultants in computer-aided engineering, have been asked to report the results of their study in January next year.

The DTI said yesterday that the study would establish to what extent AMIE is installed in small concerns or planned, and identify key technical, commercial, managerial and other factors likely to influence adoption of AMIE in the next five years.

Safeguards urged for cash dispenser users

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

SAFEGUARDS for bank customers who lose money from errors involving cash dispensers were called for yesterday by the National Consumer Council.

A report published yesterday gives details of a number of *complaints that sums of money* — in one case up to £2,500 — were wrongly dispensed by machines situated outside banks.

The council believes the evidence shows the need for tougher protection for consumers, including legislation to limit the liability of cash card holders and the introduction of new technology to ensure that only the rightful owner of a cash card can use it. Such moves could include using computers that can recognise photographs, voice patterns or fingerprints.

Although the council is concerned at the way in which customers who complain are treated by the banks, it acknowledges that the number of errors is very small in relation to the total number of transactions.

Complaints investigated included one from a Worcester man who discovered that £700 had been withdrawn from an automatic cash machine at his local bank, even though he and his wife were on holiday in Yugoslavia at the time.

He had previously reported a lost cash card to the bank and been given a replacement, so assumed that the £700 had been withdrawn by someone using the lost card.

However, the bank—the council refuses to disclose which one—insisted that the withdrawals were made with his new card and he was therefore liable for the whole amount without any right of appeal.

The council wants banks to accept liability where the customer raises reasonable doubts about the accuracy of a disputed transaction. If the banks do not agree voluntarily the council believes legislation should be introduced.

The attitude of clearing banks when dealing with customer complaints is also criticised.

"In many cases the apparently intransigent attitude of *the bank has led to considerable* anxiety and distress for customers who have had the misfortune to experience mysterious withdrawals," it says.

"Because close family and friends are identified by the banks as the most likely suspects, relationships can be seriously damaged. It is not often that the honesty or integrity of consumers is called into question in this sort of way."

Losing at Cards. National Consumer Council, 18, Queen Anne's Gate, London, SW1. £1.

Nissan UK valued well above likely Japan bid

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A VALUE of between £220m and £300m has been placed on Nissan UK, the privately-owned car import company, by City bankers who have made preliminary estimates of its worth.

This suggests some tough bargaining is about to begin when Nissan, second-largest of the Japanese automotive groups, begins negotiations to buy the company.

Nissan has linked with Mitsui, one of Japan's main trading houses, to purchase the UK importer and has let it be known that it intends to offer about Y50bn (£150m).

Having started in 1970, Mr Octav Botnar has built up Nissan (formerly Datsun) car sales in Britain to 6 per cent of the market, or 105,000 a year. He has made clear that he would be willing to sell the company once the Japanese group had begun to make vehicles in Britain.

However, he would be unlikely to sell the company for less than its true value, particularly because about £13m a year in Nissan UK dividends goes into a charitable trust he set up some years ago.

Other founder shareholders receive substantial income from the company. The latest accounts — for the year to July 31 1984 — have just been registered. These show that Mr Michael Hunt received dividends of £2,126,740 for that period and payments of £1.996m for the previous 12 months.

Mr Frank Shannon collected £1,448,410 for 1983-84 and £1.318m the previous year.

Nissan UK's turnover for 1983-84 (compared to the previous 12 months) rose from £384.4m to £448.3m but, reflecting the intense competition in the UK market for new cars, pre-tax profit fell from £51.2m to £49.7m.

After a steep reduction in tax payments, down from £25.2m to £15.8m, the after-tax profit was up from £26m to £33.9m.

In 1983-84, Nissan UK also benefited from an extraordinary credit of £13.33m, representing the release of deferred tax previously provided in respect of stock relief but no longer required.

This produced a sharp rise in retained profit, from £6.265m to £27.25m after dividend payments had been marginally increased, from £19.74m to £20m.

Shareholders' funds at July 31, 1984 were £125.23m, against £97.93m at the end of the previous financial year.

There are indications that Nissan UK's pre-tax profits will remain on a plateau, particularly as it is now heavily involved in building up the strength of its network of 321 dealers in time for autumn 1986, when the Japanese group's new factory at Tyne and Wear is to start assembling 24,000 cars a year. This will almost certainly jump to an annual rate of 100,000 a year by 1990, when Nissan gives the go-ahead to expand the British plant.

The import company seems likely to have pre-tax profits of more than £50m for the year to July 31, 1985. City institutions suggest from preliminary estimates that any sale would produce a substantial premium on net tangible assets, estimated to be about £140m.

The accounts show that the ultimate holding company of Nissan UK—European Motor Vehicles Corporation, which owns 65 per cent of the issued capital—has moved its base from Amsterdam, where tax advantages have diminished to Panama.

Wates to tailor homes to buyers

By Joan Gray, Construction Correspondent

A METHOD of marketing speculatively built estate homes by tailoring standard house shells to buyers' specifications is being launched by Wates Built Homes.

The multi-choice package will offer buyers a range of options such as different types of kitchen, different floor layouts or complete garden landscaping.

Buyers will pay, for example, anything from £80,000 to more than £100,000 for the same basic house on the same plot.

Buyers will be able to choose a small house finished luxuriously or a larger, less luxurious house for the same price.

Mr Bill Bromwich, Wates Built Homes marketing director, said: "Our multi-choice package means that we are increasing the sales potential of each plot by appealing to as wide a possible range of buyers with the same house."

This is a departure from the almost standard housebuilding practice of targetting house types at clearly defined types of buyers, with houses designed for first time buyers, trade-up buyers, executive buyers and so on.

"We wanted to increase our opportunity to sell houses and rather than provide a standard house which you can take or leave at a particular price as we did in the past we are widening choice to make that particular house the best dwelling opportunity available," Mr Bromwich said.

House builders customarily provide limited choice on most houses and extensive choice on their most expensive houses. The Wates idea is to make an extensive choice available on all its houses.

The multiple choice approach was introduced after consumer research showed buyers wanted more flexibility, a chance to opt for increased luxury or increased space for the same price, and the option of a landscaping service to take the gardening drudgery out of moving to a new home.

The multiple choice approach means buyers know which extras are included in the purchase price and what component of their mortgage is going on the basic house, and hence is most likely to be reflected in its resale value.

Bid to save on NHS use of forms

By Lisa Wood

THE GOVERNMENT yesterday announced an initiative to reduce what it called "unnecessary paper bureaucracy" in the National Health Service. It estimates that the NHS wastes several million pounds a year in this way.

This follows a report—The Use of Forms in the NHS—which is the last in a series of scrutinies in the service on the lines of the programme initiated in Whitehall by Lord Rayner.

The report said that health authorities could save up to £4m a year, plus a one-off trim of £4.4m.

"This was calculated," said the Department of Health and Social Security yesterday," on the basis that each of the 192 district health authorities uses about 1,200 different types of forms. Many duplicate each other or are unnecessary."

The report estimates that each authority could save about £20,000 a year by improved practices—and an additional one-off £20,000—by reducing the number of forms used.

Mr John Patten, Under-Secretary for Health, is writing to the chairman of regional, district and special health authorities to ask them to implement the scrutiny's recommendations. Mr Patten said that money saved in such areas could be re-directed to actual care of patients, as well as to make life easier for staff and patients.

Harland and Wolff losses increase 20%

BY OUR BELFAST CORRESPONDENT

HARLAND AND WOLFF, the state-owned Belfast shipbuilder yesterday reported an unexpected 20 per cent increase in losses for 1984-85, although it succeeded in reducing its dependence on government aid.

Losses increased by £6m to £35.8m on turnover down from £86m to £59m. Mr John Parker, chairman and chief executive, said the results were a disappointing setback since the company had targeted for further improvement.

Three unexpected events significantly contributed to the setback: a fire in a Blue Star ship under construction last December, the poor performance of subcontractors on a British Steel bulk carrier and a delay in finalising a second carrier order from British Steel.

The losses were calculated after taking account of £2.2m of redundancy costs. The labour force has been cut by 1,100 to just under 5,200 in the past two years.

In spite of heavier losses Mr Parker said the company's reliance on cash handouts from the Government have again been reduced. Since 1982-83 the level of government support in cash terms had come down by 19 per cent.

This means that the percentage of the Northern Ireland budget spent on Harland and Wolff has fallen from 1.3 per cent in 1983, to 0.9 per cent today.

Mr Parker said the strong order book, worth £225m, would allow the company to make better use of resources this year and that should be reflected in the next accounts.

Merchant shipbuilding still suffered gravely from a shipping market which was in commercial disarray. Prices were likely to stay depressed for some years until there was genuine recovery. About 9 per cent of the world fleet was laid up.

Harland and Wolff was concentrating on a few sectors of the merchant market where it expected recovery to come earliest. At the same time it was returning to naval work after an absence of 15 years

The company has recently tendered for two Royal Naval auxiliary replenishment ships which would be worth more than £100m each. Last year's key order for a £70m single well oil production ship from BP has taken the company into a new and highly sophisticated area of marine technology.

Capital spending last year rose from £3.1m to £4.8m, much of it investment in new technology, particularly in computer-aided design and manufacture and in computer-controlled production systems.

● Eighty-four workers, about 25 per cent of the workforce, at the Richard Dunston shipyard at Hessle, near Hull, are to lose their jobs because of a shortage of work.

BRITISH ASSOCIATION BY DAVID FISHLOCK

Plea on energy technologies

A SENIOR GEC executive made a strong plea for the reinstatement of government-backed schemes to demonstrate new energy technologies at the annual conference of the British Association for the Advancement of Science at Strathclyde University, Glasgow, yesterday.

Dr Waheeb Rizk, chairman of GEC-Ruston Gas-turbine and Diesel Companies, warned that the U.S., Sweden and Japan were all committing "very large sums indeed" to collaborative demonstration programmes involving industry, government and the utilities, which were making rapid headway.

Such programmes were no longer undertaken in Britain because the Government was unable to formulate long-term plans for energy or agree on collaborative development schemes with industry.

Dr Rizk said it was vital to have almost full-size demonstrations of such technologies as the pressurised fluidised-bed method of burning coal, in order to gain operational experience and the confidence of potential clients overseas.

The scale of such projects was beyond the resources of an interested private-sector manufacturer and required both government finance and the active participation of an electricity company.

The attraction of being in the market for such plant was that it usually sold on a turnkey basis with as great a value tied up in the associated engineering equipment.

If the Government elected to rely solely on market forces in this sector, it would surely destroy a valuable industry, Dr Rizk warned. He urged a review of the basis on which large non-nuclear energy projects were undertaken in Britain if the country was "not to become a mere parts manufacturing base for another countries' principal industries"

U.S. critics of Star Wars 'erred in calculations'

AMERICAN critics of the U.S. Star Wars space defence research programme had been so eager to discredit it that they had made an enormous error in their calculations, a British aerospace consultant told the conference.

The Boston-based Union of Concerned Scientists, a body highly critical of all U.S. nuclear activities—power as well as weapons—calculated that to provide an effective defence against Russian nuclear missiles Star Wars would need nearly 2,300 battle stations in space, said Dr David Baker, managing director of the London-based Space Consultants International.

The figure led the Office of Technology Assessment of the U.S. Congress to report that Star Wars could not be a cost-effective investment—a conclusion which "significantly impressed scientific opinion and political lobbies in Washington," Dr Baker said.

The U.S. laboratories most closely involved in Star Wars did four separate analyses and concluded that the critics had used a linear scaling model to estimate the number of orbiting battle stations. They should have used a square root scaling model, which reduces the number of battle stations required to fewer than 100.

With the square root model, the number of orbiting battle stations doubles for each fourfold increase in the number of nuclear missiles they confront.

Dr Baker said square root models were now accepted by protagonists and antagonists of Star Wars as the correct tool for evaluation. Dr Richard Garvin, the IBM physicist and former U.S. nuclear defence consultant, who has been a leading critic of Star Wars, accepted the tool, he said.

The critics had admitted that they had been wrong and Dr Garvin had "turned his figures around to come within 20 per cent of the Los Alamos position." Dr Baker saw it as a lesson counselling caution against premature and hasty conclusions about Star Wars.

Consultant in race for perfect three-wheeler

RICARDO, the engine design consultant at Shoreham-by-Sea, Sussex, is striving for the perfect three-wheel racing combination, said Mr Martin Ford-Dunn, in a talk commemorating this year's centenary of the petrol-driven three-wheeler.

He claimed sidecar road racing to be the most skilful of all motor sports "because it relies on two people working together to modify the basic characteristics of the machine." Lap speeds were faster than for solo racing motorcycles.

The "perfect machine" on which he was working was "the one which enables the best compromise to be achieved." He thought he had found it in 1983 with a conventional short wheelbase machine. Although unbeaten, it was rendered obsolete by a rule change which admitted the long wheelbase hub centre steering machine.

Ricardo's latest engine, still in the early stages of development, was expected to produce 138 bhp at the rear wheel, on the basis of single-cylinder bench tests. It should lead to very competitive machines, he believed.

Economic Diary

TODAY: General, Municipal, Boilermakers and Allied Trades Union announces successor to general secretary Mr David Basnett.

TOMORROW: Mr Norman Willis, TUC general secretary, makes statement prior to opening of Trades Union Congress, Blackpool. International Autumn Trade Fair opens in Leipzig (to September 6).

MONDAY: Trades Union Congress opens. Blackpool (to September 6), discusses: GCHQ, Cheltenham; trade union law: wages councils; relations between unions. Det Norske Creditbank interim results. CBI monthly trends enquiry for August. Second quarter food facts published.

TUESDAY: UK official reserves for August. Credit business for July. July final figures for retail sales. Capital issues and redemptions during August. TUC discusses: miners' strike: public order — civil liberties; social security; health and safety. TUC general council election results. London and Scottish Marine Oil, and Exco International interim results. U.S. July construction spending.

WEDNESDAY: Housing starts and completions in July. Second quarter figures for house renovations. Advance energy statistics for July. TUC discusses: education and economic policy; public investment. West German Government budget debates opens, Bonn (to September 6). British Telecom first annual meeting, NEC Birmingham. Guardian Royal Exchange Assurance, BICC, Peninsular and Oriental Steam Navigation, Sun Alliance, and London Insurance interim results.

THURSDAY: Second quarter figures for UK balance of payments. Energy Projects conference opens, Sheffield (to September 7). TUC discusses: broadcasting; public service pay; teachers' pay; Channel Tunnel. UNCTAD report on world trade published. Geneva. British Electric Traction annual meeting.

FRIDAY: Central Statistical Office publishes the Blue Book —United Kingdom National Accounts 1985 edition. Trades Union Congress closes. Shareholders of La Centrale and Nuovo Banco Ambrosiano discuss proposed merger, Milan.

Engineers unlikely to bow to TUC on state ballot aid

BY JOHN LLOYD, INDUSTRIAL EDITOR

MEMBERS of the executive of the Amalgamated Union of Engineering Workers meet in Blackpool today to frame a response to the TUC General Council's demand that the union commit itself not to seek state aid for ballots, as laid down in the principles adopted by the TUC at its 1982 Wembley conference.

The indications yesterday were that the majority of the executive would still refuse to give the General Council the assurances it has demanded recognising TUC authirty.

A meeting between the AUEW executive and Mr Norman Willis, TUC general secretary, is expected later today.

Mr Terry Duffy, the union president, who is presently ill and unable to attend the executive meeting has nevertheless meting has nevertheless circulated his fellow executive members with a note saying that to agree to the TUC's injunction would be constitutionally improper.

The issue could be further complicated by bitter debate on the Congress floor. A motion from the Engineers' and Managers' Association calls for the the General Council to abandon disciplinary action against unions taking state aid, and to drop forthwith any proceedings that might already be in train.

This is opposed by an amendment from the General Municipal and Boilermakers Union which calls for full disciplinary action against such a move and for payment of any funds already received, £1.2m, in the case of the AEUW, into a special TUC fund.

Mr John Lyons, general secreary of the EMA, is under great pressure from other unions to withdraw his motion, but will not do so unless specifically asked by the AEUW. Mr David Basnett, general secretary of the BMBU, will not withdraw his amendment to the EMA motion.

The General Council may decide to oppose both the EMA motion and the GMBU amendments, on the grounds that Mr Willis is already empowered to deal with the issue. Unless Mr Lyons withdraws, there will be a divisive debate, probably on Monday.

The EMA and the EETPU, the electricians' union, together with other right-wing led unions, are strongly backing the AUEW's stance against the General Council. They say that the 12-1 vote by AUEW members for taking the money is sufficient authority for doing so.

John Edmonds: to be named general secretary today

Centrist is new GMBU leader

By John Lloyd, Industrial Editor

MR JOHN EDMONDS is to be the next general secretary of the General Municipal and Boilermakers' Union, to succeed Mr David Basnett next January.

The announcement, to be made at Blackpool today at a meeting of the union executive, is likely to show Mr Edmonds, the GMBU's local government officer, leading Mr David Warburton, the national chemicals officer, by a substantial margin in the union ballot for the secretaryship. Estimates within the union point to about 350,000 votes for Mr Edmonds and 200,000 to 250,000 for Mr Warburton.

The third main contender Mr Tom Burlison, the northern regional secretary, is thought to have fewer than 200,000 votes.

Mr Edmonds and Mr Basnett will run the union in harness for the next four months until Mr Edmonds takes over fully.

The hard-fought campaign showed Mr Edmonds and Mr Warburton supported well in most areas of the country. Mr Burlison scored heavily only in his own region, the union's largest.

Mr Edmonds, an Oxford University graduate, is a man of the centre with a high reputation as a bargainer and an efficient administrator. He has spoken out for radical change within unions so that they accommodate a tougher bargaining climate and more diverse claims from members.

Southampton dock dispute solution near

THE DISPUTE which has disrupted Southampton freeport since it opened a year ago came closer to a solution yesterday following the meeting of the freeport board.

The freeport consortium and the Transport and General Workers' Union have been at loggerheads about whether the freeport should fall within the jurisdiction of registered dockworkers.

Yesterday the freeport board considered a set of proposals from the TGWU which are understood to suggest that jobs in the freeport should be split roughly evenly between registered dockworkers and non-registered labour.

The board agreed to meet the union to discuss its proposals, probably next week. Mr Dennis Harryman, the TGWU official responsible for the Southampton docks, said: "If the freeport board accepts our proposals, then I imagine we can have an agreement within a fortnight."

The freeport board has argued that the freeport is not viable if it has to use registered dockworkers because they lack flexibility.

Cosa to remain part of mineworkers' union

BY HELEN HAGUE, LABOUR STAFF

THE GENERAL council of Cosa, the white-collar section of the National Union of Mineworkers, announced yesterday the union's intention to stay within the national union.

The announcement came after soundings from Cosa branches and a letter from the NUM's solicitors giving a legal interpretation of sections of the union's new rule-book, which had aroused fears in Cosa that its autonomy as an independent trade union might be challenged.

Mr Trevor Bell, general secretary of Cosa, said the letter spells out that the NUM national executive could not change the association's structure in any way without consulting the membership.

The letter also says that a ballot would have to be called before a national or area strike.

Earlier this year, Cosa inserted a clause in its rule-book to the effect that its members could not be called out on strike without a ballot.

The solicitors' letter states that members of a constituent association cannot be ordered out on strike by the NEC in contravention of the rules and policy of a constituent association.

Mr Bell said: "We are taking that to mean that our rules and policies as a constituent association take precedence over national rules."

He added that this interpretation should please all NUM members. He said that the national officials of the NUM ought to have furnished members with such a clear legal interpretation of contentious rules before the break-away moves gained momentum.

Soundings from branch ballots —taken before the solicitors' letter arrived this week—indicated that the majority of members were in favour of remaining within the NUM, said Mr Bell. Out of 140 branches questioned, 91 replied.

He said it was clear that if Cosa had intended to split from the national union, it would have fragmented. "It would not have been a clear break" said Mr Bell, who added that the prospect of linking up with the break-away federation spearheaded by Notts was never seriously considered.

Civil Service unions may merge

BY DAVID BRINDLE, LABOUR STAFF

THE SOCIETY of Civil and Public Servants, which represents middle-rank civil servants, has agreed to merger talks with the smaller Civil Service Union, which recruits mainly lower-grade staff.

This follows the breakdown of the society's planned merger with the Civil and Public Services Association, the biggest Civil Service union, and the CPSA national executive's decision not to pursue the matter.

A merger of the 86,000-strong society and the CSU, which claims 34,000 members, would give the union thus formed a seat on the TUC general council under a rule about unions with 100,000 members or more.

The CSU decided at its biennial conference in May to investigate the possibilities of merger with other Civil Service unions. Because of staff cuts and privatisation of many services, the CSU is losing 2,000 members a year. The number of directly-employed Civil Service cleaners has fallen from 8,500 to 900 in four years, for example.

The union's leaders have also approached the CPSA and the Inland Revenue Staff Federation with a view to exploratory merger talks, but neither seems likely to be as enthusiastic as the society.

On the face of it, the society and the CSU would make an odd match. As a leader of one of the other unions observed yesterday, it could produce a position whereby the merged union's only members in a local social security benefit office were the manager and the security guard.

However, the society obviously has an eye on the 100,000 membership target, is willing to extend a helping hand to another union in difficulty, and may believe that merger would prove the catalyst for further rationalisation of the Civil Service union structure.

In a letter to the CSU, Mr Gerry Gillman, the society's retiring general secretary, has given an assurance that the CSU's present structure of occupational groups of members would be preserved in a merged organisation. This is likely to be one of the CSU's main concerns.

Nevertheless, a group within the CSU is already campaigning against such a merger, arguing that the union's best interests would be served by amalgamating with a big union of general workers — not that a need to amalgamate is admitted by all members of the union.

MEMBERS of the Society of Civil and Public Servants employed at the Inland Revenue's data-processing centres plan to stage a one-day strike on Monday as the first stage of action over the use of outside consultants.

The strike is to be followed by an overtime ban and by the withdrawal of co-operation with more than 30 consultants said to be working in the Revenue. The management said yesterday there could be disruption of operations at the centres at Telford, Worthing, Shipley in West Yorkshire, Cumbernauld and London.

The society has long been concerned at the growing use of consultants and contract staff (known as polygrads) in the Civil Service, but the issue has come to a head with the planned recruitment on Monday of 12 employees of Computer Services UK at Telford.

The Revenue, which says it cannot recruit full-time staff to fill job vacancies, has offered to limit employment of the 12 to one year and to review recruitment. This has been accepted by the Inland Revenue Staff Federation but not by the 200 society members involved, who have voted by secret ballot to strike.

● The Treasury yesterday reiterated that its offer of allowances, worth up to 25 per cent of pay, to specialist communications, scientific and technology staff at Government Communications Headquarters in Cheltenham did not exclude those defying the ban on union membership there.

However, union leaders maintained their members were excluded, being barred from the staff grades involved.

BR to take guards off coal trains

By Our Labour Staff

BRITISH RAIL yesterday confirmed its intention of trying on Monday to introduce driver-only operation of "merry-go-round" coal trains from pits to power stations in the East Midlands.

The move, which typifies BR's policy of cutting costs on bulk freight workings which face tough competition from road transport, came as the National Union of Railwaymen said its delegate conference on the driver-only issue would take place in London on September 12.

With the NUR's attitude thus unresolved, and with the train drivers' union Aslef awaiting NUR agreement to driver-only working before negotiating itself, BR's move on Monday will put both unions to the test.

Shirebrook and Worksop, the two rail depots earmarked for driver-only trials, send a total of 140 trains a week to West Burton and Cottam power stations. It is unclear how many of the trains will be designated for trials.

BR also plans on Monday to increase from one to eight the number of freightliner services from Willesden, North London, to Garston, Merseyside, which are earmarked for driver-only operation each day.

Press advertisements by the NUR yesterday made it clear the union has far from given up the battle to save guards' jobs. However, passenger rail services returned to near-normal in most parts of the country — excluding Glasgow where guards remain dismissed —in the wake of the guards' vote against national industrial action.

On the Eastern Region, services resumed on the inner suburban lines from London Moorgate to Hertfordshire for the first time in 10 days. Guards who had been suspended returned to work, agreeing to man train units converted for future driver-only operation.

In the Humberside area, where 32 guards remain dismissed, BR said it was moving up to two-thirds of its freight trains and yesterday succeeded in sending six of 16 scheduled iron ore trains to Scunthorpe steelworks without guards.

In its press advertisements, the NUR said letters had been "pouring in" to its headquarters in support of its case for retaining guards on trains. The union urged readers to write to it and to MPs and to contribute to a welfare fund in support of the 245 dismissed guards and their families.

Sleepness nights for bedmakers

BY DAVID THOMAS, LABOUR STAFF

HERE IS a story of a bullish management sacking its workers when they took industrial action, advertising their jobs, outfacing the union and—so far —winning. No, not British Rail: this is Silentnight, bed manufacturer based in Barnoldswick, near Colne, Lancashire.

On one measure, Silentnight, which controls about a quarter of the British market, has surpassed British Rail. The number of dismissed workers is 342 (on management's estimate) or 580 (on the union's estimate), but in either case more than the number of guards sacked in the rail crisis.

The spark which caused the dispute in two of the Silentnight group's 15 factories is simple. At the start of the year the company told its workers it could not afford the £5.25 a week pay rise just negotiated between the National Bedding Federation and the Furniture, Timber and Allied Trades' Union.

But much thereafter is lost in claim and counter-claim. The company says the pay award did not apply to Silentnight workers anyway, because most of its workers are pieceworkers. Not so, says the union: pieceworkers are covered by the national agreement.

The union claims the company promised to avoid redundancies for three months if the workers gave up their pay rise. Not so, says the company: it promised only to review redundancies which were already planned.

After that, redundancies were declared. The remaining workers asked for the £5.25 again and were turned down. They worked to rule, held a strike ballot (two-to-one in favour), struck and were dismissed in mid-July. Shortly afterwards, the conciliation service, Acas, brought the two sides together, briefly and abortively.

The result is that 24-hour pickets are out in small Lancashire mill towns, renowned for their deferential workers and their family-style links between owners and workers.

Mr David Marshall, local organiser for the furniture unions said: "This is an out-and-out exercise in union-bashing. But the company is now bleeding to death."

No it is not, answers Mr Tom Clarke, chairman of the Silentnight group. "Our recruiting has been going very smoothly and we're now operating at 30-60 per cent of capacity."

So all the signs are of a long dispute. Is this a story of the times or just an idiosyncratic row in a corner of Lancashire?

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Revenge of the free market

FOR international conspiracy theorists of the far left, this must have been one of the strangest weeks in history. The vision of a coterie of foreign bankers pulling the plug on a radical government has always been the left-wing demonologists' choicest delight. But few would have credited the possibility that the world's most radically *conservative* government, South Africa, would fall prey to the international brotherhood of bankers more readily than a Cuba, a Nicaragua or a Mozambique.

The South African government may or may not succeed in stemming the run on its reserves with a new package of measures to be announced tomorrow; if the measures are confined to economic tinkering instead of addressing the real political issues, the chances of restoring long-term confidence would seem remote. But looking at this week's events from a purely financial perspective, there are some lessons of broader applicability, if lesser human interest, which can be drawn from South Africa's sudden fall from grace in the banking world.

These lessons can be summarised in one sentence. Those who live by financial liberalisation may die by financial liberalisation.

Nobody would suggest that financial liberalisation has anything to do with the root causes of South Africa's political instability; it has always seemed certain that apartheid would start to undermine the present structure of the South African state sooner or later. The fact remains, however, that the financial reforms initiated by the Botha government — which permitted freer movement of capital in and out of South Africa and encouraged private South African corporations and banks to borrow heavily on the international money markets — have made the country more vulnerable to political and ecoonmic shocks, not less so, as some of the proponents of financial liberalisation had hoped.

In fact, the signal which South Africa and its bank lenders are now getting is the very same one that stunned an unsuspecting world three years ago, when Mexico first suspended payments on its $85bn of foreign loans. An anonymous New York banker expressed it perfectly in what should be the quote of the week, from Thursday's FT: "Generally, the message is do not panic — but if you do panic, be the first."

Ever since the abolition of fixed exchange rates, too many politicians and bankers have looked on financial liberalisation as a panacea for all international economic problems, instead of thinking seriously about the new risks and challenges which the freer financial markets would bring. Too few have recognised the fundamental differences between markets in goods and markets in assets.

Investors may know that asset markets can be ruled for lengthy periods by expectations which are determined entirely by the markets' own behaviour — the herd instinct, in simpler terms. Bank examiners may be aware that competitive lenders will tend to underestimate certain types of credit risks, particularly when their depositors believe their funds are ultimately guaranteed by the existence of central banks as lenders of last resort. Even the most market-oriented of development economists have argued forcefully, particularly after the debacles in Chile and Argentina, that economic liberalisation in developing countries should be performed step-wise, with trade in goods and services freed first, while capital flows are liberalised much more cautiously and over a long time-scale.

Yet few policymakers even today seem to be aware of the problems to which deregulated financial markets can expose them. The consequences can be seen all over the world. In Latin America the debt problem continues to fester — and the events in South Africa this week make it more unlikely than ever that banks will start lending again to Third World debtors on a voluntary basis, as the Mexican Finance Minister insisted on Thursday that they will have to do.

Even more significant than Latin America's problems has been the Reagan Administration's complacency about the overvalued dollar, which is now endangering the whole system of international free trade. Related examples have abounded in other countries. In Japan financial liberalisation helped generate the sudden capital outflows which were a major cause of the yen's weakness and the country's excessive trade surpluses with the U.S. In Britain, as in America, monetary policy has been thrown into confusion and monetary targets rendered meaningless by unpredictable shifts in asset preferences and financial behaviour.

None of this implies that financial deregulation is undesirable. The financial service industry is likely to be one of the fastest growing sectors in any highly developed, prosperous economy and a government which tries to control the allocation of capital usually ends up stunting its economy's development. In any case it would be impossible in a world which values investors' individual political freedom to put the genie back into the bottle. But the fact that financial liberalisation is here to stay makes it all the more vital for politicians and financiers to be aware of the dangers of deregulation and the need not to lose sight of the basic principles of banking prudence.

NEXT WEEK'S TUC CONGRESS

Mr Norman Willis: facing his first Congress as TUC general secretary — Ashley Ashwood

Now Willis is braced for the balloting era

By John Lloyd, Industrial Editor

ON TUESDAY morning, Mr Norman Willis, the TUC general secretary, was sitting in his shirt sleeves, his shoes kicked off, in studio B15 in the basement of Broadcasting House, taking "Tuesday Call." He was doing all right. The filtered questions were not abusive, though they were mostly well targeted: half way through the hour-long show, he was heading for "another well-fought draw" (as he sardonically sums up his guarded Congress House press conferences). Then around 9.35, a call came through from Tommy Barrett, a miner. Willis had spent the first seven months of his 12-month secretaryship trying to pick a way through the miners' dispute: the best-remembered sign of gratitude was a noose dangling over his head as his words were drowned in a raging storm of a meeting in South Wales last November. He braced himself for a sharp exchange.

It *was* sharp, but not in the way Willis had expected. Mr Barrett said Willis was wrong to characterise the 1984 Trades Union Act—which enjoins ballots for strikes, election of executives and the maintenance of political funds—as anti-trade union. "It's *pro-union* . . . I *demand* the right to decide on strikes . . . *I demand* the right to choose my leaders."

Willis's response, given the close confines which surround any Congress House pronouncement, was astonishingly warm. "There will be many speeches on that subject next week," he said. "But I doubt if there will be any better ones than that."

The exchange illuminated the main matter now facing the British labour movement, a dilemma of great importance which has been underlined this week both by the unexpected rejection of industrial action by the railway guards and by the moves within the TUC against the decision by the Amalgamated Union of Engineering Workers to accept Government money for ballots.

The dilemma is not democracy, but rather the challenge of a specific kind of democracy expressed in the 1984 Act. It is based on the individual, not on the collective: liberal democracy, as against democratic centralism. In the first of these, the individual members' wishes, aggregated in a ballot, supersede all other decision-making forums, such as committee structures, conferences and executives. Collective democracy, however, depends on a pyramidal and interlocking committee structure. No wonder the activists often hold the liberal democrat in contempt. Are years of patient slog and dedication to the movement, *night upon night of incremental* advance for the policies, to be swept away by the whim of thousands, or hundreds of thousands, of Sun readers? The answer, it seems, is "yes".

The Left hate this most, of course. They have the stomach and the minds for democratic centralism, a perspective and a back-stiffener in the historic inevitability of success. That, and the training the Communist Party used to give (and still does, sporadically) to the best cadres, makes them formidable in committees and meetings. But the Right has social approval and much of the Press: and, usually, the same lack of obsessive interest in politics as the mass of the members—a strength as well as a weakness. So, while there are many exceptions—especially of Right-wing Labourists who like the democratic centralist machine—debate over relative merits usually falls into the familiar left-right categories.

Two unions—the AUEW and the Electrical Electronic Telecommunications and Plumbing Union—run the two systems in parallel. In the first especially, ballots for every grade of official co-exist with a well-developed lay committee structure. The tension between the two systems can be acute. The tension between the two has now dramatised and sharpened the debate within the movement over democratic forms until it has reached the status of a crisis.

The train of events is this. In April 1982, the unions met in conclave in the Wembley conference centre to adopt five principles of defiance of Government employment legislation. Among these principles was a proscription on the acceptance of money available under the 1980 Employment Act for conducting postal ballots. This never made much sense to the AUEW and the EETPU, who saw it as a rare free lunch in a cruel world: but they went along with it, anyway.

Come the 1983 election, no friendly government to repeal the laws, the two great craft unions grew restless. The AUEW leadership talked of putting the issue to its members. In January of this year it held a ballot, and got a 12:1 vote for taking the money — which as it turned out, amounted to £1.2m for ballots going back to 1982.

At the General Council meeting in Blackpool on Thursday of this week, the AUEW was told that it had breached Congress policy and acted in a manner detrimental to the TUC: it must take immediate steps to desist. Its executive meets in the Imperial Hotel today to determine a response — a meeting at which the twin principles of TUC authority and the members' wishes will be weighed in the balance. The signs are that the majority of that intensely proud body of men will be reluctant to bend the knee sufficiently to satisfy the TUC.

A clash of principles has seemed inevitable for months. Mr Willis, speaking to the FT last week, said: "There's no solution which says it doesn't matter. There's a considerable amount of apprehension about a major union being outside of the TUC — we've always prided ourselves on having one national centre. There is a great wish to see this solved: but if you want one national centre it must be effective. If there is any solution, it must have the element of recognition of the TUC's authority."

The authority of the TUC is another of the grand issues with which Congress will have to deal: though intimately linked, it goes beyond the specific case of the recalcitrant AUEW. Authority to do what? The TUC does not bargain, neither does it directly represent: it is a collection of usually quarrelsome affiliates, who cannot even agree all to dislike the Government to the same extent. But there is one major task which the TUC has set itself and in which it will have at least some success: to bargain with the "next Labour Government" over the shape of its economic policy.

Mr Alan Tuffin, the sharp and genial leader of the Union of Communications Workers, is clear on the importance of TUC authority in the future relationship with Labour. "My worry over the AUEW matter is that we lose credibility. Then, when we make an agreement with a Labour Government and people start breaking ranks, pleading special cases on pay, what can we do? If we say to Labour — that's a deal— people will say: can we believe that? Can they deliver? They didn't before."

Mr Tuffin's concern to ensure a TUC capable of whipping into line unions unwilling to deliver on an incomes agreement (he will argue at Congress that some such agreement is essential) plays to the fears of those on the General Council, that the TUC may itself be moving to some version of democratic centralism.

Mr John Lyons, general secretary of the Engineers' and Managers' Association, went so far as to warn in his union journal this week that he and other union leaders might have to "consider their position if in future the TUC were to come to require every union to comply with every motion that is passed."

This then, is the "hidden agenda" in the minds of at least some of the General Council: a determination to exert TUC authority over its second largest affiliate, even at the risk of causing a split: it must put itself in shape for a more testing time to come, when it will be expected to deliver to a Government it needs very badly indeed. Yet —here is the central irony—its partner in the movement, the Labour Party, is led by a man who thinks that the unions *should* ballot their members, and that the TUC, and the Party, should drop their opposition to exactly the kind of thing the AUEW is now facing expulsion for accepting state aid for doing. Mr Kinnock believes balloting is here to stay: so—though he can only say so in code—does Norman Willis.

Mr Kinnock told reporters earlier this month, at the launch of the TUC-Labour Party Liaison Committee's document "A New Britain," that it would be "eccentric" to offer union members—and the electorate—less democracy than the present Government has. Mr Willis, more exposed in this particular firing line than his close friend, is going about nudging the unions into an attitude of acceptance in characteristically crablike fashion. He is talking about the problems it would throw up — the guarantees unions would need—the necessity for the media to be more responsible about their coverage of union affairs in an age of mass balloting. The tactic is to talk of ballots as though they had been accepted without once having unambiguously accepting them.

Balloting *could* catch on. Mr Ron Todd, the leftist general secretary of the Transport Workers, convinced his further leftist executive that he should stand in a second ballot earlier this year to clear his name of the mud sticking to the first. He won. Mr Jimmy Knapp, the leftist general secretary of the railway workers, pushed his further leftist executive into a ballot of their 11,000 guards on the matter of driver-only trains —and, much to the union's and British Rail's surprise, found they were not ready to fight on it. The result was interpreted as a "slap in the face" for Mr Knapp. Maybe—but it permits him now to negotiate on this and other productivity measures as he has long wanted to do, and saved him from a strike which did not have solid support and thus could have collapsed.

Mr Jimmie Airlie, the lonely left-winger on the AUEW executive, makes the case for ballots with precisely this in mind. "I wouldn't like to be in a dispute if I wasn't sure the army was willing. I've never seen a battle yet that was won without a willing army, because at the first sound of the gunfire you're likely to find yourself on your own."

So who is against ballots? Mr David Basnett, still the most powerful figure on the General Council (retiring soon as general secretary of the General, Municipal and Boilermakers Union) has in his union a branch vote electoral system (though ballots on most industrial action) and regards balloting as destabilising. Many on the Left—such as Mr Ken Gill of the white collar engineering union AUEW-Tass see it simply the wrong sort of democracy. Many, even those who like it, greatly dislike the fact that it has been ushered in by a Tory administration. As Mr Willis acknowledges: "There's still some feeling around—no one can tell us what to do in our unions—including a Labour Government." The issue still has to be fought through: next week's Congress will be most fascinating when—on Monday and Tuesday—these issues reach the floor of the Winter Gardens.

Indeed, the issue of balloting democracy will touch all others. The miners will demand of a future Labour Government that it reinstates all sacked miners and reimburses all fines: yet for most union leaders the strike was the event which best dramatised what happens when members who expect it—as all now do—are denied a ballot.

The TUC will promote the likely dismissals of staff at the Government's communications headquarters at Cheltenham for union membership as the centre-piece of Congress: but deep in that issue is the question of getting support for protest, and the advance decision of the Civil Service unions, those most affected, to ballot their 500,000 members on action before it is taken.

It will be Mr Willis's first Congress as general secretary: he took the carthorse reins from Len Murray at the end of the last one, and a hard apprenticeship he has had of it. He is overflowing in everything—girth, wit, words—where Murray was spare; he can seem fumbling, even obtuse; his unprepared speeches disappear up 100 asides, many hilarious, some downright odd.

But those with much to do with the general secretary find him sharp: he showed stamina and courage in his efforts during the miners' strike: he won praise (hardly welcome) from Government Ministers, even the Prime Minister, who appear to trust him. His instincts on the great issue facing him and his affiliates are clearly liberal: can Mr Willis convince his colleagues to be so, too?

Man in the News

Sir Robert Reid

Life-long railman proves his worth

By Sue Cameron

WHEN THE Government appointed Sir Robert Reid to be chairman of the state-owned British Rail in 1983, he was only a second-best choice as far as Ministers were concerned.

Their preferred candidate—who evidently turned them down — is thought to have been a private sector businessman. But as Mr Len Dumelow, secretary of the Central Transport Consultative Committee, remarked yesterday "Whoever he might have been, he was no loss to British Rail. Bob Reid has shown his worth this week."

Sir Robert is the third nationalised industry chairman this year to achieve a major breakthrough on the trade union front. The first was Mr Ian MacGregor, chairman of the National Coal Board, who held on through heavy criticism to preside over the eventual collapse of the year long miners' strike in March. Soon afterwards, Sir Ronald Dearing, chairman of the Post Office, secured an agreement on productivity and new technology with the Union of Communication Workers in a deal that was felt by both sides to be advantageous.

But the victory of Sir Robert scored on Wednesday when National Union of Railwaymen guards voted against industrial action over the issue of driver-only trains was in some ways *the most dramatic if only* because it was the most unexpected. Right up to game time on Wednesday afternoon everyone—union leaders, British Rail management, including Sir Robert himself, and assorted pundits—had been certain that the ballot would go the other way. Few doubted Sir Robert's determination. But many had been quietly wondering whether he would be strong enough to stay the course in the face of a full-blown strike.

Yet he was forged in a hard school. As a young man, he was a prisoner of war for almost four years. And perhaps what he learned in the camps, in Italy and Nazi Germany, is still reflected in his management style today.

"You learn a great deal about human nature and human weaknesses," he says reflectively. "And you learn self-control and patience. You also recognise how important it is to adopt certain codes of practice. You must be honest. And you must stand by what you are asked to do. If you don't, the whole group falls apart.

As chairman of BR, he places the same emphasis on the need for teamwork, saying in his gentle, almost self-deprecating way: "A great industry like this one doesn't depend on a single figure. It depends on a group of senior managers."

But there is no doubt who is the boss in British Rail. Those who have worked with him say that while he is always prepared to listen, he takes a deal of convincing before he will change his mind. He does not suffer fools gladly. And once a policy has been agreed upon he will not tolerate any deviation

Inevitably perhaps, it is battles with the rail unions that bring him into the public eye—not a place he enjoys being and one he avoids as much as possible. Yet like the chairmen of the Coal Board and the Post Office, he is engaged in the equally important task—if not more important in the longer term—of revolutionising his industry's management. Until a few years ago, British Rail had not so much a management, more a vast, unwieldy administrative machine. And as one senior BR executive recalls: "Profit wasn't a dirty word—it was a word that simply didn't exist."

Sir Robert, first as chief executive and then as chairman, is struggling to transform the old hierarchical structure. He has divided BR into five business sectors—freight, InterCity, provincial services, London and the South East, and parcels — each with its own director; he has closed down all divisional offices and 6,000 divisional managerial staff have gone out with them; and he has started delegating financial responsibility downwards so that, as he puts it: "We can pin individual managers for success or failure."

BR is thought currently to be carrying out an internal exercise designed to assess the role of regional passenger managers — possibly with a view to stripping out their particular managerial layer altogether. As one who has worked with him said: "Bob Reid is a very skilful manager and very imaginative and forward thinking in his own quiet way — but he's also capable of being quite ruthless. BR has a long history of bad management and I think he's having a spring-clean at the top. There's still a lot of deadwood there — but it all takes time."

Where Sir Robert sometimes seems to outsiders to take a more traditional and limited view is in his relations with Government. Asked about the possible privatisation of the railways or about the potential for cutting back rail services which are justified purely on social and not on economic grounds, he tends to say firmly that such questions are "for the Government."

However, he is known to be against any major reductions in the rail network and has persuaded the Government that there should be none. It is believed also that he is against privatisation, seemingly on the grounds that the private sector would be likely to close or run down services and that any money raised from the railways should be ploughed back into the rail industry and not used to swell Treasury coffers. Yet why is he so reticent about such *matters—at least in public?*

Said one Whitehall official: "It's almost as if he had an understanding with Ministers—though even that is putting it too strongly — that he'll stay off their patch if they don't interfere with the way he runs the rail business. He is very loyal to Ministers — not in any party political sense—and they seem to respect him for that. *I think that is one of the* reasons why the Government has been generous in approving his investment plans."

Sir Robert would say that he has more chance than an outsider-chairman of making BR move forward. He maintains that home-grown managers like himself — and he has been a railman all his working life — are the ones who are most *devoted to the "long-term survival of our industries."*

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UK independent oil sector

A storm brewing in the North Sea

By Dominic Lawson

BRITAIN'S independent oil sector, cited as the most shining example of co-operation between industry, the City and Government is in turmoil.

The £122m bid by Enterprise Oil, the former oil-producing arm of the British Gas Corporation, for Saxon Oil, the fastest-growing UK oil company of the past few years, has thrown into sharp relief several growing problems for the £1.5bn UK independent oil sector.

At one level, the Enterprise bid for Saxon is merely an exploitation of what many leaders of the smaller UK oil companies have been saying for some time: that there are far too many small British oil companies with management talents spread too thinly over a small proportion of the total North Sea assets.

One of the leaders of this school is Mr Tony Craven Walker, chief executive of Charterhouse Petroleum, who in ten years has developed a sliver of equity in the Thistle oilfield with a book value of £200,000 into a company valued by the City at over £100m.

At a conference to discuss North Sea oil last year Mr Craven Walker said: "The smaller companies will be taking greater drilling risks because of the move into deeper and more hostile waters and the investigation of riskier prospects. These pressures will encourage rationalisation and the emergence of substantially larger and better diversified British companies."

Enterprise itself had been a takeover target

On July 11 Mr Craven Walker produced action to match his words with an announcement that Charterhouse had agreed a £188m merger with Saxon Oil.

About a month earlier the Enterprise chairman Mr William Bell, invited Mr John Heaney, chief executive of Saxon to go sailing along the Solent and suggested that Enterprise and Saxon get together. Mr Heaney baulked at that, but did not tell Mr Bell of the imminent merger with Charterhouse. The two knew each other well since Mr Bell was Mr Heaney's immediate superior when both worked for Shell Expro.

On August 7, Enterprise made a formal takeover offer of 525p per share of Saxon, but said that the offer would only see the light of day if the Saxon board agreed in advance to recommend it.

On August 9, Mr Heaney told Enterprise that Saxon would reject this unusual takeover approach. That evening Tony Craven Walker, who had feared that Enterprise would come in to break up the marriage with Saxon was telephoned by Mr Graham Hearne, chief executive of Enterprise, who told him that Enterprise would now fold up its tents and leave the happy couple unmolested. The two chief executives agreed to share a bottle of champagne.

But at that point only two days before the closing date of the merger offer Saxon's non-executive chairman, Mr Brian Carlisle, attempted to reopen discussions with a surprised Graham Hearne. Meanwhile, another of Saxon's non-executive directors informed the Takeover Panel of the goings on, and the panel instructed the Saxon board to make public Enterprise's approach.

The revelation that cash of £5.25 a share was on the table electrified the City, and effectively exploded a merger which had taken months to negotiate.

A subsequent Enterprise offer of 540p a share has been approved by the Saxon board, but on a five-to-four split, with votes in favour only by the non-executive directors. Mr Heaney says bitterly: "It is absurd that a very successful company should be sold for cash substantially below its asset value, and without the assent of any of its executives."

The Government created Enterprise in 1984 as a company which consisted purely of the depleting oil interests of the British Gas Corporation. In order to have any sort of future, aside from paying out dividends, Enterprise had to be voracious in acquiring either assets or companies which had the prospects for oil exploration and development.

At the same time, Enterprise was itself a takeover target for companies wanting immediate oil revenues. Indeed, several companies had attempted to buy the assets from the Government before Enterprise was formed.

So the Government, as it had done earlier with Britoil, gave itself a "golden share" in Enterprise which gave it the right to prevent anyone taking control of the fledgling company. At the time Mr Bell said that the share was designed to stop the company being taken over "by the Kuwaitis."

But in the initial offer of Enterprise shares Rio Tinto Zinc, the mining giant swooped, buying up 49 per cent of the equity. The Government stepped in retrospectively preventing RTZ taking more than 10 per cent of the offer, although in subsequent purchases RTZ has raised its stake to 29.9 per cent, the maximum it can hold without triggering a bid that it knows the Government will block, until Enterprise's golden share expires on January 1, 1989.

It is now a point of bitterness among the UK oil independents which are not the progeny of Government, that Enterprise is bid-proof and yet free to gobble them up—largely with the aid of a cash pile of £90m with which the Government endowed Enterprise at birth.

Tricentrol is particularly bitter. The Government blocked it from bidding for the former British Gas oil assets when they were in the public sector, but now protected Enterprise has grabbed 9 per cent of Tricentrol's equity.

Graham Hearne of Enterprise Oil

But is Enterprise free to act as a hostile predator? It is certainly strange that the ambitious new company was prepared to walk away from Saxon (until the Takeover Panel stepped in) even though Mr Hearne must have known that a large cash bid was bound to be attractive to a stock market disillusioned with oil companies.

Mr Roy Dantzic, a Saxon director, and previously finance director of Britoil, is sure of the reason. "I am absolutely convinced that the price of Enterprise's protection from RTZ, was that they agreed with Government that they would not make hostile takeover bids.

Mr Hearne insists that he has no such agreement with Government. "We are free to act in a commercial way. We may yet engage in hostile takeovers. If we approached Tricentrol and James Longcroft (its chairman) told me to go away, I wouldn't say "sorry James, we won't be bothering you again!"

To take over Tricentrol would undoubtedly give Mr Hearne as much pleasure as it would cause the domineering Mr Longcroft pain. Mr Hearne was appointed chief executive of Tricentrol in 1981 by Mr Longcroft but after two fractious years Mr Hearne suddenly left Tricentrol.

Mr Hearne is impatient with the critics of Enterprise's approach and its position *Vis à vis* the Government. "We are acting only in the best interests of our shareholders. The City is a competitive place and we will compete. If the backwoodsmen want to say it is unfair they will. We may think its unfair that BP has over £2bn in cash but there's nothing we can do about that."

Lurking on the horizon is the privatisation of the British Gas Corporation. It too seems set for a golden share, ostensibly to prevent an asset of strategic significance falling into foreign hands. But Sir Denis Rooke has already signalled his intention to expand his oil and gas exploration business. As Mr John Walmsley, the finance director of Enterprise says: "Sir Denis Rooke could buy half of the UK's independent oil companies with two weeks cash flow."

The City of London, however, facing an uncertain oil market is already poised to take its winnings and sell out of Saxon, the most highly rated of all the independents. Some of the non-executive directors of Saxon also represent City institutions with large stakes in the company.

Mr Craven Walker argues that "equity capital is the longest term capital—it is bed-rock. If people want to sell their shares for cash, they always can, but to sell whole companies in this way is to destroy them and discourage future North Sea entrepreneurs."

John Heaney is bitter about the way he has been handled by a City which until recently considered him a hero. "All this has been a real eyeopener for me. If Enterprise wins then I don't think I will come back to the City again. I have the family fruit farm to manage."

No cyclical upturn is in sight

Mr Bill Harrison, the merchant banker at Schroder Wagg who was instrumental in putting Saxon and Charterhouse together is more philosophical. "The difference between selling shares and destroying a company is a nice distinction which isn't made in this market."

Or, put another way, the UK independent oil sector is facing its first slump, with no cyclical upturn in sight. Investors would rather have cash now than a stake in a commodity with an uncertain future.

The City will invest in BP and Shell, but only on an income basis. The Government recently had to offer shares in Britoil on a 10 per cent yield in order to attract investors.

In the current market, any oil company which seeks to retain investor confidence on the strength of its oil reserves and the possibility of future discoveries is on a losing wicket. As the U.S. oil takeovers last year demonstrated on a wider scale, the man wants cash.

South Africa's reserves

Why there has been no gold fever—so far

By Philip Stephens

THE GOSSIP in the corridors of the world's leading banks was that South Africa might swap part of its gold reserves for desperately-needed foreign exchange. Bullion dealers reported that a handful of clients who hadn't been heard from for years were back to top up their gold holdings.

But if the crisis gripping South Africa has sent its currency plunging to an all-time low, the response of the gold market—so far at least—has been relatively subdued.

A market which once could be relied on to overreact to a hint of instability almost anywhere in the world hardly flinched when its biggest supplier announced the suspension of all foreign exchange, gold and share trading.

The gold price has risen. Last week it added another $3 to the $15 gain it had made since the state of emergency was first declared last month. Platinum, traded in a much smaller and more volatile market, has risen by $50.

Aside from the few gold bugs who have emerged from hibernation, however, trading has been confined to the professional speculators who have moved in and out of the market since the metal became unfashionable four years ago.

The price, which yesterday stood at $334 is less than half the $850 that an ounce fetched at the height of the gold fever in 1980. If the recent fall of the dollar is added to the equation, the gold price has barely changed since January. The sterling price has actually fallen.

South Africa produces around half of the world's gold. Last year its mines turned out 683 tonnes of the 1,150 tonnes produced in the non-Communist world. Total supplies, including those from the Soviet Union, amounted to 1,440 tonnes.

After the steep fall in prices over the past few years, supply and demand in the gold market last year ended up more or less in balance.

Consolidated Goldfields, whose annual publication Gold is regarded as the market's bible, reported that demand for the metal from both the jewellery industry and traditional hoarders of gold—particularly in the Far East—recovered dramatically.

At the same time the pace of mine expansion in countries like Brazil slowed, and the central banks of many heavily-indebted countries, which had been major sellers of gold in previous years, sold less from their reserves.

The price continued to fall only because the world's major investors remained captivated by the gains to be made by buying dollar assets.

So a halt to, or serious disruption of South African production would be catastrophic and, according to most experts, would send the price rocketing.

There are few in the bullion markets, however, who are persuaded that that will happen over the short-term.

The recent rise in the price does reflect uncertainty over future supplies from South Africa, and particularly over the threat of a strike in some of its mines.

The flight of capital from the country

But the markets' judgment is that the South African authorities will pull out every stop to maintain deliveries to gold traders in Zurich and London.

The reasoning is simple. For South Africa the gold market is, in many respects, the opposite side of the coin to the foreign exchange market.

While the flight of capital from the country and the refusal of foreign banks to prolong short-term credits has been translated into a slide of the rand's value, gold sales are the main source of its foreign exchange earnings.

"Gold is South Africa's lifeline. It will do everything to keep supplies moving and if possible to increase them," was the comment of the director of one London bullion company.

Traders do not discount the possibility that at some stage the political situation in South Africa could deteriorate to the extent where supplies are disrupted; but that, as one Zurich dealer put it, is "100 per cent speculation."

There has also been a more fundamental reason for the lack of interest in the gold market shown by investors. Despite the recent fall in U.S. interest rates and in the value of the dollar, investors have still preferred the tangible returns on shares and bonds to the speculative risk of gold.

Critically, there has been no real upsurge in inflationary expectations in the industrialised world, a condition which many experts regard as central to re-establishing gold's reputation as a safe haven for footloose investment funds.

And if South Africa does manage to arrange a gold swap to give a short-term boost to its dollar reserves, there should be no impact either way on the gold market.

A swap involves the central bank selling part of its gold reserves — usually to one of the major Swiss banks or one of the London bullion traders — and arranging to buy it back at a higher price in, say, six months.

The difference between the buy and sell price represents the interest that would be payable on a dollar loan, and the swaps are frequently rolled over.

Such deals are shrouded in secrecy, but South Africa has been doing them on a regular basis for several years. Since 1980 its official gold reserves have fallen from 12m to 6m ozs, with the bulk of that drop probably reflecting swaps.

By arranging to swap half of its remaining reserves, South Africa could raise around $1bn, but the bullion market would be unaffected because of the presumption that the central bank will eventually take the gold back.

The dream of the eternal optimists in the gold market is that the situation in South Africa will eventually disrupt supplies: and that it will coincide with a further slide in confidence in the dollar and in the outlook for U.S. inflation.

That scenario is not impossible but it is not one which has yet won many adherents.

Letters to the Editor

Forever going west

From Mr E. Tanner

Sir,—I was extremely interested in Mr Anthony Harris' article (August 24) in which he effectively argues that the fall of the dollar was almost inevitable and indeed this seems to be supported by history.

Perhaps it could be likened to the problems which affect individuals, namely "clogs to clogs in three generations." In the case of nations, however, maybe three centuries should be substituted for three generations.

A corollary to this interesting phenomenon is that throughout history the wealth, civilisation or leadership of nations has always travelled around the world from east to west and never from west to east. This of course is demonstrated by the fact that this leadership travelled from China to the Middle East to Eastern Europe, to Great Britain and currently to the U.S.

We must assume therefore that Japan is about to become, if it has not already become, the wealthiest nation in the world and will become, presumably, the leader in place of the U.S. with the further inevitable movement yet again westward, maybe to China, and in due course, presumably, the UK will get its chance again.

Applying the clogs-to-clogs theory to the individual person, it would appear that poverty creates ambition, ambition creates wealth, wealth creates decadence and finally, to complete the circle, decadence leads inevitably to poverty and the cycle is likely to restart. Maybe there is a moral in this somewhere for the individual not to provide easy affluence for the next generation.

E. B. T. Tanner.
Hedgerley,
Tamarisk Way,
East Preston,
Littlehampton, Sussex

Defects in buildings

From Mr V. Pye.

Sir,—Alfred Goldstein's article "Redress for building defects" (August 23) is certainly innovative and feasible but may I suggest a more simple alternative.

A fundamental weakness on the part of those who commission new buildings is that they invariably do not specify the design life or, alternatively, the amortisation period they require. If this were so then there would be a very simple way of specifying both the design and the construction liability period, i.e. the building must last for the specified period—perhaps seven years for a light industrial unit and one thousand years for a cathedral.

The construction industry's customers are usually poorly advised on this matter by their designers and their builders, and to some extent the industry itself must be to blame for the confusion which has now arisen. All other forms of consumer durables have well-defined design lives and customer expectation has now been successfully manipulated to accept this.

V. B. Pye.
Uphousden Farmhouse,
Westmarsh,
Canterbury, Kent.

Wages-tax trade off

From Mr G. Weir

Sir,—Mr C. Smith's support (August 20) for my suggested tax-wage trade-off is most welcome; however, his argument for indirect rather than direct tax cuts is, in one respect, flawed.

It is not true that lower wage increases traded off against a cut in VAT would leave consumers with more to spend than would a trade-off against a direct tax cut. Suppose for the sake of argument that the agreement consists of a £1bn tax cut —of one form or another—in return for a degree of wage restraint equivalent to a £1bn saving in the national wage bill. The lower wage increase is exactly offset by either a £1bn reduction in direct taxes—leaving nominal disposable income unchanged—or a £1bn VAT reduction. In the latter case, nominal disposable income falls by £1bn; assuming, however, the VAT reduction is fully passed on to consumers, this is offset by a £1bn reduction in the cost of VAT-affected goods. In terms of first-round effects on living standards, the two options are identical.

It is, of course, true, as Mr Smith points out, that the two options have different distributional effects, but it is less clear that these effects make the VAT option more attractive. In particular, the direct tax cut is of course limited to wage and salary earners. Since they are the ones forgoing the wage increase, that seems eminently reasonable (although wage and salary earners below the minimum taxable income level will miss out). For the same reason, the direct tax cut option provides the Government with greater wage restraint bargaining power per pound of tax cut that does a cut in VAT.

It is also true that the VAT option will, unlike the direct tax cut, lead to a one-off reduction in the price level, which may have ongoing desirable effects on inflation if it reduces future wage claims. The price reduction however does not mean that real purchasing power actually rises under the VAT option — Mr Smith is in effect double counting.

Whichever option is chosen, however, the central point—on which Mr Smith and I agree—is that there is a practical and responsible option available to the Government which would reduce wage/price pressures in the economy and, thereby, allow it for a period to run a more expansionary policy stance. By way of contrast, the approach of the Government, under its medium term financial strategy, is to wind down the rate of growth of nominal demand and then simply pray that what it is squeezing out of the economy is inflation, rather than real growth and jobs.

Geoff Weir,
15, rue de la Federation,
75015, Paris.

The future of dairy products

From Professor Arnold Bender

Sir,—Your article (Aug 24) on the future of dairy products highlights the need for joint discussions between the wide range of interested parties — farmers, nutritionists, consumers, medical scientists, Government Departments and the food industry.

There are at least three approaches to the current problem: (a) leaving the decision between (as a specific example) butter and margarine entirely to the individual; (b) since there is a consensus that saturated fats are linked to coronary heart disease, strongly recommending the public to avoid butter (or ban it!); (c) an attempt to balance the (still theoretical) advantages of replacing saturated fats by polyunsaturates with the harm inflicted on the industry and consequently to attempt a compromise.

The well-established public health campaign in Norway is as an integrated co-operative programme between parties such as those listed above. Among the objectives is an increase in the consumption of butter. I felt the frisson of horror that went through the audience of nutritionists when this was reported by a Norwegian speaker. He expected it and explained they had decided that if the campaign were to be successful it must be supported by all parties and that farmers and the dairy industry would not co-operate in a campaign that would harm them. So the goals included a reduced consumption of fats yet with an increased consumption of butter.

Confrontation between convinced public health campaigners and vested interests of the food industry, egged on by excited media producers and stirred up by self-seeking journalists, has resulted in utter confusion. If we were less civilised we might well have seen the Ministries of Health and Food at loggerheads. If we are civilised then let us use a little common sense.

(Professor) Arnold E. Bender.
2 Willow Vale, Fetcham,
Leatherhead, Surrey.

Enterprise in London

From the Director of Information,
Greater London Enterprise Board.

Sir,—Mr Franklin (August 28) has learned little about the operations of the Greater London Enterprise Board since we last had occasion to cross swords with him in your columns. And he has certainly forgotten nothing when it comes to his considerable skills in the selective use of figures and quotations.

Thus, he correctly quotes the target of 10,000 jobs a year (after the third year, actually), from the 1981 Greater London Labour Party election manifesto. But he omits to mention that this was a target for Greater London Council's industry and employment programme as a whole, of which GLEB is only a part: or that the GLC announced earlier this year that the overall target has now been achieved.

He contrasts the "cost per job" figure quoted by your correspondent with a higher figure quoted in our newspaper advertisements. But he fails to mention that the advertisements appeared a year ago, and the figures in them refer to the financial year 1983-84.

The figure of £3,645 per job quoted by Will Dawkins comes from a joint survey of the "cost per job" on GLEB investments, conducted with independent consultants Thornton Baker and covering the period December 31 1984. It assumes that GLEB investments could be disposed of at 50 per cent of cost. Even on the assumption of 100 per cent write-offs the "cost per job" is only £5,324.

Obviously, these figures are based on the total amount allocated by GLEB to direct investments in enterprises. They do not include other activities such as property developments, which create job-spaces not jobs: or the technology networks, whose value has been recognised by the special measures taken by the Government to exempt them from the current freeze on GLC funding for GLEB and which are contributing to longer-term job creation through technology transfer.

The £7,500 figure quoted in the advertisements was clearly stated to be the cost to the public at that time of keeping an unemployed wage-earner with an adult dependent and two children. The £5-7,000 figure quoted by Mr Dawkins refers to the current average cost of each unemployed individual.

Mr Franklin quotes figures from our annual report on the losses and closures of GLEB-assisted companies, without mentioning that this report for 1983-84, covers our first full year of operations. In this period, many of our investments had yet to complete a full year's trading.

Industrial investment, whether in new start-ups or in rescuing and turning round existing enterprises, cannot be expected to produce returns in the first year or two of the investment. Mr Franklin's implicit assumption that it should is typical of the narrowly short-range attitude to industrial finance which has already crippled so much of our manufacturing base.

As it happens, GLEB's failure rate to date compares favourably with private sector venture capital houses, despite the fact that our role is frequently that of a lender of last resort.

Rate and taxpayers may well reckon therefore that their contribution to the cost of GLEB, which is as Mr Franklin rightly remarks, "involuntary," is nonetheless a better investment than their equally involuntary contribution to the direct and indirect costs of continued unemployment.

Finally, Mr Franklin cites a limited number of co-operatives and enterprises run by women and black people. Our experience confirms the national picture—that co-operatives have a better success rate than private start-ups of the same size, while many of our most successful enterprises are run by women or members of ethnic minorities.

John Palmer.
63-67, Newington Causeway,
SE1.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	† 7.00	8.00	8.57 Seven-day account
			9.50 Higher interest account 90 days' notice or charge
			5.50/8.57 Cheque-Save
			9.05/9.50 "City" Cheque-Save
Aid to Thrift	*10.20	—	— * Easy withdrawal, no penalty
Alliance	† 7.00	8.00	8.75 BankSave. Balance of £2,500. Current account. Balance under £2,500, 7.75. Minimum initial investment £500
			8.80 Gold account. Minimum investment £500. Imm. withdl.
			9.75 Premier ½-yearly/monthly min. £1,000. Imm. wdl. (pen.)
Anglia	† 7.00	8.00	8.75 Instant gold. Annual int. No notice or penalty
			9.50 3-year bd. 90 days' not./pen. Differential 2.5 guaranteed
			9.75 Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	8.25	10.00	10.75 2-year term share—£1,000+—3 months' notice
			10.10 Special invest. (28 days' notice) 10.10 monthly inc. a/c
Bradford and Bingley	† 7.00	8.00	9.25 No notice no penalty on up to 2 withdrawals per annum
			9.75 3 months' notice without penalty
Bristol and West	8.25	9.25	9.75 Plus account £1,000+. No notice. No penalty
			10.30 £20,000+. 10.10 £5,000+, 9.90 £1,000+ 7-day notice Triple Bonus. Also monthly income
			11.00 Special 3-month account, £5,000+, 3 months' notice
Britannia	† 7.00	8.00	9.75 60 days' notice
Cardiff	9.75	9.85	10.80 90 days' notice or penalty if balance under £10,000
Catholic	8.55	9.55	10.05 Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	† 7.00	8.00	9.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	† —	8.00	9.50 Gold. No notice, no penalties. £20,000+, 9.50. £500-£19,999, 9.00. Under £500, 7.00
Citizens Regency	8.25	9.75	10.00 7 days, 10.00 1 month, 10.25 2 months, 10.85 3 months
City of London (The)	† 7.25	8.75	9.60 3 months' notice—no penalty—monthly income
			9.20 7 days' notice, immed. access for amounts over £20,000
Coventry	† 7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			9.50 Moneymaker £20,000+, 9.25 £5,000+, 9.00 £1,000+, instant access no penalty, monthly income option
Derbyshire	† 7.00	8.25	9.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	† 7.00	10.50	10.50 Gold Minor account for 0-18-year-olds
Gateway	† 7.00	8.00	9.50 Gold Star £20,000+. No notice. No penalties. 9.25 £5,000+, 8.75 £1,000+
Greenwich	† 7.00	—	9.55 60-day account (no notice account 8.50-9.00)
Guardian	8.50	—	10.85 6 months' not. £1,000 min. Access to balance £10,000+
Halifax	8.25	9.26	9.75 Instant Xtra. Immediate withdrawal no penalty
			10.75 90-day Xtra, 90 days' notice no penalty (£500 minimum)
			10.60 Premium Xtra (£10,000 min.) guaranteed 2.00 diff. 3 yrs.
Heart of England	† 7.00	8.25	9.80 and 9.55 High Interest. 8.50 Gold Key
Hemel Hempstead	8.25	9.75	11.00 90 days. 10.25 60 days. 10.00 28 days
Hendon	9.35	—	10.10 7-day account. Minimum £500
Hinckley and Rugby	8.25	11.55	10.80 1-year certain minimum £500 monthly income £5,000
Lambeth	† 7.15	8.25	8.65 7-day a/c, 9.60 Magnum a/c 6 weeks + loss of interest
Leamington Spa	† 7.10	—	8.75 Spa income monthly no notice/penalty £5,000 minimum
			9.50 High flyer—no notice/no penalty £20,000 minimum
			9.25 High flyer £5,000 minimum. 9.00 £500 minimum
			10.15 Super share no not., 14 days' penalty £20,000 minimum
			9.85 Super share £5,000 minimum, 9.25 £2,000 minimum
Leeds and Holbeck	8.25	10.00	11.00 Monthly interest, 20.25 28 days' notice. 10.60 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	† 7.00	8.00	9.50 HRAS 3 months' notice, 9.00 Liquid Gold no penalty, no notice
Leicester	† 7.00	8.00	8.42 £500+ immed. wdl. no pen., 9.50 £5,000+ min. 1 year, 9.00 £500+ minimum 1 year
London Permanent	8.75	—	11.00 60 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	† 7.00	—	9.75 Prestige £500. 2.75 gtd. 3 yrs. 3 months' notice/penalty monthly income £1,000
Mornington	9.80	8.25	9.80 £2K. 10.00 £2K. 10.10 £10K+, 10.25 £20K+
National Counties	‡8.55	9.80	10.85 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	† 7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty
			9.50 Special share 60-day notice/penalty unless £10,000+
			9.00 Money man. £10,000+. No notice, no penalty
Nationwide	† 7.00	8.00	9.50 Capital bonds, 3 years, 90 days' notice/penalty Bonus-90 £10,000-£19,999, 90 days' notice/penalty Bonus-90 £200-£9,999, 90 days' notice/penalty Double bonus, minimum £500, no notice/penalty
Newcastle	8.25	9.50	10.75 Two-year term. 10.25 60 days' notice. 9.75 7 days' notice. On demand by arrangement
Northern Rock	† 7.00	8.25	9.50 Moneyspinner plus £20,000 or more, instant access
			9.00 Moneyspinner plus £10,000 or more, instant access
			8.75 Moneyspinner plus £5,000 or more, instant access
			8.50 Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80 7-day share/monthly income option 10.00 on £10,000+
Peckham	8.90	—	9.90/10.40 Immediate withdwl. If over £2,000. Monthly income
Peterborough	† 7.00	8.30	10.00 Double guarantee shares
Portman	† 7.00	9.25	9.80 Gold seal. Min. £1,000. 1-yr. term then 3 months' notice
			9.00 Flexi-plus. Minimum £500 no notice immediate withdwl.
Portsmouth	8.40	9.90	11.20 5-year, 11.00 3 year, 10.85 90-day, 10.25 30-day
Property Owners	8.75	10.25	10.75 £10,000+, 10.55 3 months, 10.10 immediate access
Scarborough	8.25	9.50	10.45 Over 55s no penalties M.I. minimum £250—10.15
Skipton	† 7.00	8.25	9.80 Sovereign £10,000+. 9.10 £500-£9,999 monthly income. 9.10 minimum investment £2,500 instant access/no pen.
Stroud	8.25	9.00	11.00 2-year term. Notice accounts 10.75 3 months. 10.25 1 month
Sussex County	† 7.00	8.50	9.50 90-day, 9.25 monthly income, 8.75 30-day, 8.50 7-day
Thrift	9.20	—	10.20 3-year term. Other accounts available
Town and Country	† 7.00	—	9.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available
			9.50-5.75 Moneywise cheque/Visa. Interest varies with bal.
			9.50 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	10.10	—	— No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75 Prime—no notice, no penalty, minimum £500
			9.75 Monthly income shares, 28-days' notice
			10.75 Capital, 90 days' notice/penalty
Yorkshire	† 7.00	8.00	8.90 Dia. key. £10,000+ wdl. no pen. —£10,000 28 d. nt./pn.
			9.80 Plat. key £10,000+ wdl. no pen. —£10,000 60 d. nt./pn.

† Note changes in rates become effective on September 1 1985.

UK COMPANY NEWS

Military aircraft lift BAe above £68m

BY LYNTON McLAIN

British Aerospace yesterday unveiled a 21 per cent profits improvement for the first half of 1985, its first result following the sale of the Government's remaining 48.43 per cent stake in May.

The profit, up from £56.3m to £68.3m pre-tax, has been accompanied by a 10.5 per cent rise to 5.8p in the interim dividend. This is covered five fold by earnings ahead by 17 per cent to 29.7p per share.

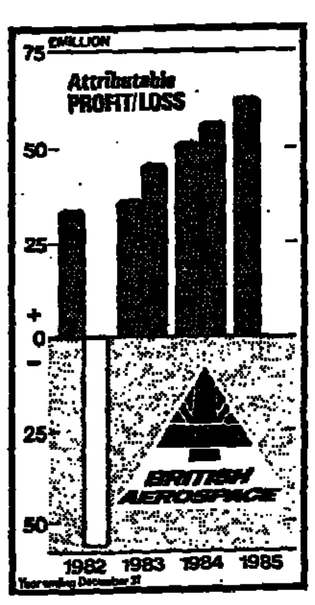
This result compares favourably with the cautious short-term outlook given in the offer for sale prospectus. Civil aircraft and space activities did make a loss, however, reflecting the prospectus statements that the upturn in demand for larger civil aircraft, has been slower than anticipated.

Military aircraft, guided weapons and electronics activities were again the main earners.

Sir Austin Pearce, the chairman, said: "The half-year results are very good, right up to our expectations and in line with our long-term view.

"We expressed some caution for the near term in the prospectus, but subsequent developments encourage us now to be somewhat more optimistic. We have every confidence that the company will go from strength to strength and that it has a sound future. The board has every confidence in the long-term profit growth potential of the company."

Sir Austin Pearce, the chairman



Sir Raymond Lygo, managing director and chief executive, said the participation in the European Fighter Aircraft project with West Germany and Italy was expected to produce orders worth £4bn, out of the expected total orders for the fighter from the three nations worth £10bn.

"The EFA project will be fully funded by the governments of the three nations and will have fixed-price elements. We intend to insist on a maximum degreee of fixed price arrangements in the European Fighter Aircraft project."

The final definition concept for the project is expected by BAe to be finalised in a few weeks. "The full development contract for the aircraft is expected to be placed by the middle of next year, so that production of the EFA can start in 1992, to meet an in-service date of 1995," he said.

Trading profits of £86m were up £4.5m on 1984's first half, after making provision for reorganisation costs of £5.6m and further research and development expenditure.

Civil aircraft made by BAe lost £2.5m in contrast with the trading profit of £6.8m last time and the £7.5m profit for the whole of last year. The loss on civil aircraft was on turnover of £299.6m, sharply up on the corresponding £208m.

Space activities also lost money in the first half, although at £3m it was down on the £6.5m loss in the first half last year and the £15.2m incurred overall in 1984.

Military aircraft and support services continued to earn the biggest profits, with £64.4m at the trading level, compared with the £53.7m previously. Guided weapon and electronic systems made a profit of £58.2m, up from £46.9m.

BAe continued to spend cash generated on research and development, with £25.5m allocated in the first half compared with £19.4m and £45.3m in 1984 as a whole.

Total group turnover rose 22 per cent to £1.31 bn, with 63 per cent of this stemming from export sales.

Launch costs of £24.4m were down from the corresponding £29m. After dividends of £14.5m and £6.2m of tax the retained balance was £47.6m.

See Lex

Murray Trust loses bid battle

By Martin Dickson

The Merchant Navy Officers' Pension Fund yesterday won its £150m contested takeover bid for Murray Growth Trust, the Glasgow-based investment trust.

The pension fund, which held 24.8 per cent of Murray's ordinary shares and 2.3 per cent of its B ordinary before launching the bid, said that by yesterday's first closing date it had received acceptances from the holders of a further 48.5 per cent of ordinary shares and 34.7 per cent of B ordinary ones.

That gives it control of a total of 73.3 per cent of the ordinary shares and 37 per cent of the B ordinary. Its offer for the trust's preference shares has been accepted by the holders of 14.7 per cent of the shares. All the offers have been extended until September 13.

The cash offer was at 100 per cent net asset value though during the course of the battle Murray claimed the precise terms were worth less than that.

It is unusual for a strongly contested takeover bid to be decided on the first closing date. It is difficult, however, for an investment trust to defend itself against a cash bid at or about net asset value.

The Merchant Navy Officers' Fund is one of Britain's biggest pension funds. Its bid was the first major offer for an investment trust by a pension fund for some years and initially surprised the City.

Murray Growth, which mounted a strong defence campaign, argued that the lack of a paper alternative to the cash offer could land private investors with large capital gains tax bills. But this appears to have made no difference to Murray's institutional investors, who have given victory to the fund.

Mr Tony Good, the chairman, pictured in less turbulent times with Mrs Maureen Smith, his deputy, who resigned yesterday.

Boardroom upheaval at Good Relations

BY STEFAN WAGSTYL

Good Relations, the public relations and advertising agency, has suffered a boardroom upheaval with the resignation of two directors.

Mrs Maureen Smith, who moved from managing director to deputy chairman only two weeks ago, has left after selling her entire 11.6 per cent stake in the company. And Mr Paul Winner, who joined the board last year when his Paul Winner Marketing Communications was taken over, has also sold shares and resigned.

Mr Alan Cornish, Mrs Smith's successor as chief executive, said the two resignations were unconnected.

Mrs Smith's decision to sell her shares had come as a surprise and a shock to the board. Asked if she had been put under any pressure to resign, Mr Cornish said: "She resigned because she sold her shares—that changed her position vis-a-vis the company somewhat."

Mrs Smith, who joined the group 18 years ago, said she sold her shares for personal reasons which she did not wish to discuss.

She agreed that as a result of the disposal her fellow directors had put her under pressure to resign. She denied that her resignation had anything to do with the recent boardroom changes. "Those changes were absolutely right. Mr Alan Cornish is suited to the position of chief executive."

Her 948,338 shares were sold to multi-millionaire insurance broker Mr Christopher Moran for just under 200p each, against a stock market closing price of 195p. He in turn sold them to a number of institutional investors. The dispersal of the stake goes some way to dispelling big rumours which have surrounded the group for several weeks, pushing the shares up to 250p early last month.

Mr Winner has sold 40,000 shares in the past week, leaving him with 45,000. Mr Cornish said that Mr Winner had resigned because "he had difficulties with the transition from running his own private company for 17 years. There was a difference of style."

He declined to comment whether the performance of Mr Winner's company, acquired for £810,000, had come up to expectations. "It has performed differently," he said.

The departures leave the chairman, Mr Tony Good, who is on holiday in the U.S., facing his second management upheaval in a year. Earlier this year the group was forced to abandon plans to move its City office out of the Square Mile after six staff resigned to join a rival agency.

City analysts said last night that while the group was now large enough to cope with the resignation of two individuals, even two directors, the departures would only increase its reputation as a rather unsettled organisation.

DoT names inspectors for Milbury probe

THE Department of Trade and Industry yesterday named two inspectors who will investigate the affairs of Milbury, the troubled buildings and property company in which Mr Jim Raper, the financier, held a 78.7 per cent stake.

The inspectors are Mr Hugh Carlisle, QC, and Mr Michael Lickiss of accountants Thornton Baker.

The investigation follows an application from Mr Christopher Whitmey, a management consultant and minority shareholder in Milbury, to the High Court for an inquiry. His application was granted last Friday.

Mr Whitmey alleged that Mr Raper removed the two most valuable parts of Milbury—the Westminster Property Group and Milbury Homes (South)—before selling his 78.7 per cent stake in Milbury to Manchesterbased Poco Properties for £1.

Mr Raper was at loggerheads with the Stock Exchange and the Takeover Panel between 1979 and 1983 and was described as unfit to be a director of a public company. In 1983 he returned to favour with the Exchange and Milbury's listing was restored.

Peters family sells Somportex

BY FRANK KANE

MR NIGEL WRAY, chairman of the Fleet Street Letter tipsheet, and Mr Clive Mattock have bought control of Somportex Holdings, the confectionery concern best known for its Slush Puppie iced drink.

Members and associates of the Peters family, which until yesterday had a controlling interest in the company, sold a stake of 1.47m shares, or 52.35 per cent, at 28.25p to Mr Wray and Mr Mattock. The purchasers intend to make a formal bid for the rest of the equity at the same price, but Somportex shares rose sharply in the market to close at 51p last night, up 24p.

In order to maintain Somportex's Stock Exchange listing, acceptances of the offer will be placed with non-discretionary investment clients.

Somportex has recently incurred losses, but Mr Wray and Mr Mattock said that they intend Somportex to continue to develop and expand its activities, and to take advantage of opportunities which they intend to introduce. This would include the acquisition of businesses in related fields. Yesterday's price rise was thought to reflect the expansionist tone of this statement.

Most of the shares were purchased from a previous chief executive of Somportex, believed to be the stepfather of Mr Ralph and Mr Michael Peters, both of whom are Somportex executive directors. They themselves sold the balance of 420,184 shares (15 per cent).

The Peters will retain their board seats, and will continue to hold a parcel of 172,252 shares, or 6.15 per cent of the equity. The present non-executive chairman, Mr Alec Ramsay, will step down at the first closing date of the offer.

The board of Somportex has received confirmation that Mr Wray and Mr Mattock, that they have resources available to meet their obligations under the offer in full, but the board will not be recommending it. The balance of the shares not owned by Mr Wray, Mr Mattock or the Peters family are held by around 730 shareholders.

Mr Wray is also a director of Carlton Communications, which stressed last night that it was not in any way involved in the transaction.

IFICO acquires estate agent

Industrial Finance and Investment Corporation has bought Douglas Allen Spiro, estate agents with offices in Essex and East London.

The consideration is £1.2m subject to warranted profit levels being achieved. There will be an initial payment of £600,000 in cash, the remainder being paid in cash or shares over a period of 34 months.

If the profit forecasts are not met, the consideration will be reduced pro rata.

Mr Ivor Spiro will remain as managing director of Douglas Allen and will become managing director of a new joint company between him and IFICO which will acquire and develop further estate agencies

The acquisition represents the next major step in IFICO's diversification programme following the buying of East of Scotland Onshore earlier this year. It is quoted on the USM and involved in financial services mainly in the corporate sector.

Big rise in liability cover for D. Bryant

SHAREHOLDERS in Derek Bryant Group, the insurance broker, were warned yesterday that the company faces a big increase in the cost of the insurance which it takes out to protect itself agains liability claims from clients.

Premiums on its Errors and Omissions Policies, which cover the group against claims for errors made by the company in the course of trading, have risen by 300 per cent. Moreover, the cost the company will have to bear itself in the event of any insurance claim has increased substantially.

In the event of a claim, the company warned, there could be a financial burden to it.

Mr Derek Bryant, chairman, says this premium is now the largest expense after the salary bill. And the latter will undoubtedly rise particularly if the company needs support staff for the servicing of the new business that it hopes to obtain.

In the months ahead the company will need to increase its brokerage substantially to cover the rise in expenses, and any further losses caused by a reduction in income to both the London office and Derek Bryant Associates from Will Darrah & Associates Inc.

The company is receiving a very substantial increase in the number of inquiries submitted, but the lack of markets makes it difficult to transpose such business inquiries into actual business bound.

In the first half of 1985 the chairman reports a satisfactory increase in brokerage income from £1.66m to £1.95m despite the loss to the London office of over £300,000 from Will Darrah & Associates, which specialises in serving the U.S. trucking industry. Since the founder of Darrah sold out, Bryant has been continuing its income from that source but at a reduced rate.

The loss of brokerage was more than made up by business received from new U.S. agents and increased business from existing clients.

With the help of interest received £242,000 (£182,000), the profit for the half year has moved ahead from £637,000 to £726,000. Earnings come out to 14.6p (12.43p) per share and the interim dividend of this USM traded group is lifted from 2.35p to 2.7p.

Lloyd's broker subsidiary continues to arrange forward contracts for the sale of its current U.S. dollar earnings and exchange rates show a benefit. However, the movement of the dollar against the pound could be less favourable in the second half.

Overall, Mr Bryant is confident about the future because he believes existing subsidiaries and departments will develop satisfactorily. Furthermore, he expects the new associations to continue to provide worthwhile increases in profitable income.

Mardon buyout completed for £173m

By Martin Dickson

BAT Industries has completed the sale of its subsidiary Mardon Packaging, for £173m. This is believed to be the biggest ever management buy-out outside the U.S.

The purchaser, the Lawson Mardon Group, is also to repay approximately £30m of inter-group loans from BAT, and will pay off some of the remaining £70m of Mardon's external debts. The buy-out was first announced at the end of July.

Lawson Mardon's principal shareholders include: about 100 senior managers of Mardon, both in Britain and Canada; Woodholme Holdings, a private company owned by the Lawson family, which founded Lawson & Jones, Mardon's Canadian subsidiary; and Roman Corporation, a quoted, Toronto-based holding company through which entrepreneur Mr Stephen Roman controls Denison Mines.

Roman has already announced that it will hold 49 per cent of Mardon Lawson's equity and some of its debt. However, Mardon yesterday declined to disclose further details of the financial structure of the buy-out.

The deal was financed by Citibank and Bank of Nova Scotia, with Merrill Lynch as advisers.

Mardon, which employs some 11,500 people, has manufacturing plants in Britain, Canada, the U.S., France, Germany and Central Africa. In 1984 trading profits totalled £34.5m on sales of £608m.

Some 25 per cent of the equity of Lawson & Jones is quoted on Canadian stock exchanges and an offer for this will commence shortly. Lawson Mardon added that in due course it intended to seek a public listing.

Glenmorangie's appeal fails to raise Macdonald Martin

HIGHER INTEREST charges had an impact on profits at Macdonald Martin Distilleries, which produces the Glenmorangie whisky, in the six months to end-June 1985. This Edinburgh-based group achieved £476,000 at the pre-tax level compared with £685,000.

The directors are holding the interim dividend at 3p on the A ordinary shares and 1.5p on the B. With profits of £2.02m achieved in 1984, total dividends paid on the A amounted to 16.5p, and to 8.25p on the B.

Turnover for the half year improved from £6.58m to £7.19m, generating a lower operating profit of £1.01m against £1.07m.

Sales of Glenmorangie continue to make progress at home and overseas, the directors say, but sales of blended whisky are down in the period, with margins continuing to come under pressure in this competitive area.

The pre-tax result included a same again £1,000 income from listed investments, and was struck after interest charges £150,000 higher at £535,000.

After a tax charge of £47,000 (£35,000), earnings per 50p A share are down from 24.08p to 15.89p, and per 25p B share down from 12.04p to 7.94p.

● comment

Macdonald Martin Distilleries' downturn follows the decline of last year's second half. The company puts some of the blame on higher borrowing costs, but even a stable interest charge would have seen the pre-tax profit fall. On the face of it Macdonald should be steaming ahead on the back of its highly successful Glenmorangie single malt, but it is clearly severely hampered by its continued dependence on the blended sector where worldwide sales are down and profit margins squeezed by surpluses. The second half includes the Christmas boom and should see a further upsurge in U.S. sales of Glenmorangie following the signing of an import agreement with Schiefflin on April 1. Full year profit forecasts of about £2m were nevertheless being trimmed back yesterday to around £1.8m, putting the A shares at 740p on a prospective p/e of 12 after a 10 per cent tax charge. The price appears to include more than a smidgin of bid speculation—common in the sector but incomprehensible in this case since the family holds a substantial majority of the voting rights and shows not the slightest inclination to part with or dilute them.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Aug 30 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur Aug 29 Index No.	Wed Aug 28 Index No.	Tues Aug 27 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	536.78	−0.1	10.50	4.14	12.00	10.52	537.29	531.18	534.04	514.68	577.15	22/1	483.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	559.92	—	11.78	4.73	10.52	11.92	559.80	554.14	556.96	467.05	560.30	23/8	472.11	26/2	560.30	23/8/85	44.27	11/12/74
3	Contracting, Construction (29)	833.86	+0.3	12.00	4.96	10.65	17.54	831.13	826.71	836.63	682.23	838.47	23/8	684.17	8/3	838.47	23/8/85	71.48	2/12/74
4	Electricals (14)	1476.22	+0.9	10.84	5.01	11.70	33.14	1463.61	1441.91	1436.18	1578.94	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1440.85	−1.4	10.56	3.13	12.50	27.30	1460.16	1441.58	1443.27	1833.60	1977.60	9/1	1260.78	3/7	2049.85	13/11/84	1260.78	3/7/85
6	Mechanical Engineering (62)	298.97	+0.8	10.80	4.68	11.32	6.15	296.51	294.74	295.11	255.34	316.14	13/5	263.85	25/7	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	211.64	+0.1	11.84	7.42	10.62	4.13	211.41	209.78	207.64	189.36	211.64	30/8	165.08	14/1	211.64	30/8/85	49.65	6/1/75
9	Motors (16)	168.43	+0.7	13.12	5.03	9.42	3.55	167.20	166.34	166.12	124.93	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (18)	958.08	+0.4	7.21	3.52	16.83	15.81	954.36	935.14	954.16	705.12	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (176)	691.43	+1.1	9.26	3.78	13.48	12.36	684.10	678.29	679.87	521.09	691.43	30/8	604.96	3/1	691.43	30/8/85	61.41	13/12/74
22	Brewers and Distillers (23)	688.22	+1.8	10.15	4.25	12.43	13.81	668.41	658.36	655.22	504.64	680.22	30/8	550.86	3/1	680.22	30/8/85	69.47	13/12/74
25	Food Manufacturing (21)	507.22	+0.6	11.77	4.80	10.93	13.09	504.03	500.21	500.38	399.44	513.86	12/3	471.62	25/7	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1600.71	+0.4	6.08	2.61	22.21	16.93	1593.81	1616.97	1637.44	1238.47	1662.70	5/6	1400.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1098.74	+1.4	6.17	2.70	19.04	11.95	1083.36	1067.57	1075.13	888.67	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	693.32	+0.7	8.16	4.78	16.04	20.79	688.33	675.83	673.15	571.65	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1888.78	+0.4	8.16	4.21	15.77	37.91	1881.30	1883.76	1859.72	1296.51	1888.78	30/8	1448.15	3/1	1888.78	30/8/85	55.08	6/1/75
33	Packaging and Paper (14)	364.58	+0.9	9.72	4.06	12.21	6.20	361.35	358.45	358.58	249.41	364.90	20/8	286.36	3/1	364.90	20/8/85	43.46	6/1/75
34	Stores (42)	685.70	+1.3	7.25	3.09	18.80	9.53	676.79	673.07	676.64	449.86	685.70	30/8	529.47	19/2	685.70	30/8/85	52.63	6/1/75
35	Textiles (16)	333.04	+1.5	13.12	4.93	8.64	7.97	328.12	326.01	327.09	272.50	341.97	11/3	293.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	821.57	+0.4	17.96	5.23	6.31	18.71	818.04	800.81	798.54	694.21	1010.69	8/2	767.49	25/7	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	707.69	+1.5	8.97	4.00	14.42	14.13	697.55	689.90	688.46	466.18	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	684.86	+1.5	14.33	5.53	9.22	24.95	674.62	668.00	671.88	612.54	832.26	22/2	657.14	25/7	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	206.83	−0.2	7.73	4.25	15.44	3.64	207.28	206.12	206.91	140.30	207.34	23/8	154.76	3/1	246.86	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1198.78	+1.5	7.98	4.35	15.56	25.71	1181.28	1176.41	1172.85	867.98	1201.81	23/5	958.88	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (64)	857.84	+0.6	7.38	3.71	16.55	14.06	852.56	851.18	855.85	653.62	899.77	3/6	787.88	26/7	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	935.70	+2.1	7.94	3.47	16.79	14.38	916.78	899.54	889.93	0.00	935.70	30/8	701.92	3/1	935.70	30/8/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	662.53	+0.9	9.48	3.93	13.32	12.50	656.71	650.22	651.44	516.40	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1226.89	+2.5	15.29	7.08	8.04	39.47	1197.49	1174.80	1162.17	1090.25	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	709.72	+1.1	10.27	4.35	12.23	14.68	702.02	694.24	694.38	564.49	709.72	30/8	636.98	3/1	709.72	30/8/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	489.96	+0.7	—	4.90	—	12.39	486.36	483.88	487.42	391.48	490.51	21/8	430.18	4/1	490.51	21/8/85	55.88	13/12/74
62	Banks (6)	491.70	+2.1	18.23	6.02	7.84	19.80	481.74	482.48	489.47	363.22	503.51	8/7	420.58	15/4	503.51	8/7/85	62.44	12/12/74
65	Insurance (Life) (9)	769.33	+0.4	—	4.24	—	14.71	766.29	760.38	761.17	545.66	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	372.27	+0.2	—	5.27	—	8.53	371.56	365.79	368.86	284.55	384.33	15/8	303.16	25/2	384.33	15/8/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1164.27	+0.9	8.20	3.56	16.32	21.02	1154.38	1147.05	1154.46	860.03	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	234.34	+0.2	—	4.75	—	4.92	233.78	233.94	233.47	213.97	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	661.02	−0.1	5.65	3.63	23.77	9.88	661.65	660.31	660.43	603.42	664.94	15/8	585.78	10/7	664.94	15/8/85	56.01	20/4/65
70	Other Financial (25)	277.61	+0.7	10.21	5.95	12.04	8.14	275.80	273.68	278.19	247.94	296.92	6/2	261.32	26/7	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	592.56	+0.2	—	3.63	—	10.85	591.11	588.93	587.45	518.83	635.62	7/3	557.78	31/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	257.41	+0.6	12.61	5.95	9.20	5.36	255.94	250.49	256.77	281.63	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	603.96	+0.3	12.42	6.59	9.65	23.86	602.25	599.95	606.58	569.17	687.15	22/1	595.08	19/8	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	646.26	+1.0	—	4.44	—	13.81	639.95	633.64	634.65	520.47	646.26	30/8	581.88	3/1	646.26	30/8/85	61.92	13/12/74

		Index No.	Day's Change	Day's High	Day's Low	Aug 29	Aug 28	Aug 27	Aug 23	Aug 22	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	FT-SE 100 SHARE INDEX	1340.8	+16.9	1341.1	1330.1	1323.9	1308.2	1310.8	1313.5	1309.7	1103.90	1342.4	15/5	1286.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Aug 30	Day's change %	Thur Aug 29	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.62	+0.05	119.81	0.25	7.61
2	5-15 years	133.08	+0.03	133.04	—	9.31
3	Over 15 years	138.12	−0.01	138.14	—	9.21
4	Irredeemables	151.14	−0.21	151.46	—	8.55
5	All stocks	130.91	+0.03	130.97	0.09	8.77
6	Debentures & Loans	112.94	+0.05	112.88	—	6.91
7	Preference	79.94	—	79.94	—	4.68
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.51	+0.02	111.49	—	2.41

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 30	Thur Aug 29	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	9.97	9.96	11.22	11.56	28/1	9.94	29/7
2	Coupons	15 years	10.14	10.13	10.78	11.20	28/1	10.08	29/7
3		25 years	10.15	10.14	10.25	10.72	29/1	10.03	2/1
4	Medium	5 years	10.71	10.69	11.92	12.39	28/1	10.48	22/8
5	Coupons	15 years	10.51	10.50	11.13	11.63	28/1	10.42	29/7
6		25 years	10.19	10.17	10.47	10.97	29/1	10.00	29/7
7	High	5 years	10.81	10.80	11.93	12.53	28/1	10.77	22/8
8	Coupons	15 years	10.66	10.66	11.30	11.76	28/1	10.57	29/7
9		25 years	10.31	10.31	10.57	11.03	29/1	10.09	29/7
10	Irredeemables	†	9.79	9.76	10.18	10.49	28/1	9.75	23/8
11	Debs &	5 years	11.44	11.48	12.41	12.63	29/1	11.35	30/7
12	Loans	15 years	11.33	11.35	12.28	12.37	29/1	11.26	30/7
13		25 years	11.22	11.22	12.15	12.37	29/1	11.18	30/7
14	Preference	†	12.27	12.27	13.05	13.14	29/1	12.27	30/8
15	Inflation rate	5%	3.55	3.56	3.79	3.72	16/7	3.11	11/3
16		10%	3.36	3.35	3.60	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGE:— Bell (A.) & Sons (22) has been deleted and replaced by Liberty (34).

COMPANY NEWS IN BRIEF

ROTAPRINT, which makes printing equipment, has run up a loss of £652,000 in the year ended March 30 1985, against a profit of £232,000, on turnover of £15.54m (£15.66m). Sales volumes and margins under pressure everywhere except the U.S. Second half improvement much less significant this year, and became necessary to withhold payment of both 6¼ per cent and 11¼ per cent preference dividends (up to now only the latter was in arrears). Further reduction in numbers employed effected during the year in line with reduction in volume.

EASTBOURNE Waterworks Company's offer for sale by tender of £2.75m of 8¾ per cent redeemable preference stock 1995 produced applications for stock worth £8.454m. The lowest price to receive a partial allotment was £102.77 and the average price obtained was £102.98.

LANGSTONE YACHTING is to raise £1.26m by a share issue under the Business Expansion Scheme. The money will be used to build a marina and holiday activity centre in Portsmouth. The issue, sponsored by Guinness Mahon, is fully underwritten.

BALTIC, the financial services group which moved last year from the USM to a listing, is holding talks on a possible takeover by Nevi, a subsidiary of the Norwegian insurance group Vesta. Baltic said the talks offered opportunities for the development of its own business, which overlaps with Nevi's in areas such as leasing and asset financing. It should also provide opportunities for the Chieftain unit trust group Baltic acquired last September. Baltic shares fell on the news, closing 5p down at 255p, leaving the company valued at £29m.

UNICHEMA CHEMICALS, the U.S. marketing arm of Unilever's oleochemicals operations, is to buy the Chicago-based chemical division of Darling & Company, giving it its first U.S. manufacturing plant. Unilever declined to put a value on the deal saying it was insignificant in relation to its total assets. Darling's chemical division employs 100 people making fatty acids and glycerine. Unichema Chemicals is affiliated to Unichema International, Unilever's worldwide oleochemical business which produces 400,000 tonnes of chemicals and hydrogenation catalysts a year.

APPLIED HOLOGRAPHICS rights issue has been accepted in respect of 2.44m shares (some 97.1 per cent). The balance has been sold in the market.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arbuthnot Govt. Secs.	4th int.	2.75	Oct 15	2.75	11	11
British Aerospace	int.	5.8	Nov 1	5.25	—	13.65
Church & Co.	int.	2.5	Oct 21	1.5*	—	7.5*
Macdonald Martin	int. A	3	Oct 25	3	—	16.5
	B	1.5	Oct 25	1.5	—	8.25
Parambe	int.	0.45	Oct 4	0.4	—	1.1
Yorkgreen Inv‡	int.	Nil	—	0.23	—	0.46
Derek Bryant‡	int.	2.7	Oct 14	2.35	—	7.35

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

BANK RETURN

BANKING DEPARTMENT	Wednesday August 28 1985	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	3,048,395,158	− 508,107,298
Bankers Deposits	833,337,787	+ 105,381,183
Reserve and other Accounts	1,499,143,297	+ 40,773,710
	5,395,430,236	− 161,973,400
ASSETS		
Government Securities	678,217,771	+ 82,080,000
Advance & other Accounts	729,207,089	− 375,664,895
Premises Equipment & other Secs.	3,975,335,738	+ 129,112,588
Notes	12,182,360	+ 2,565,833
Coin	487,278	− 67,906
	5,395,430,236	− 161,973,400

ISSUE DEPARTMENT	£	£
LIABILITIES		
Notes in circulation	12,377,817,640	+ 67,433,167
Notes in Banking Department	12,182,360	+ 2,566,833
	12,390,000,000	+ 70,000,000
ASSETS		
Government Dept.	11,015,100	—
Other Government Securities	1,814,379,828	− 30,554,456
Other Securities	10,564,605,072	+ 100,554,456
	12,390,000,000	+ 70,000,000

Profits rise at Swire Pacific

By Our Hong Kong Correspondent

SWIRE PACIFIC, the Hong Kong group which controls Cathay Pacific Airways and Swire Properties, yesterday reported attributable profits for the first six months of 1985 of HK$615.9m (U.S.$78.9m) a 29 per cent improvement on the comparable figure in 1984.

Profits were significantly enhanced by a virtual halving of payments to minority shareholders—from HK$204m in the first half of 1984 to HK$108m this year.

This follows the acquisition in July last year of the minority stake in Swire Properties, which is now wholly owned. The only significant minorities payment which remains is to the Hong Kong and Shanghai Banking Corporation, which has a 30 per cent stake in Cathay Pacific.

Ignoring minorities, Swire bosted net operating profits by 5.5 per cent from HK$813m to HK$858m, with turnover, which rose 15.6 per cent, from HK$ 5.6bn to HK$6.6bn.

The performance was at the best end of market expectations, and is expected to be favourably received when Hong Kong's stock markets open on Monday.

Cheung Kong soars 70% at half-way

BY DAVID DODWELL IN HONG KONG

CHEUNG KONG, the Hong Kong holding company controlled by Mr Li Kashing, yesterday unveiled unaudited net profits for the first half of HK$245.1m (US$31.4m), a 70 per cent improvement on last year's depressed interim figure of HK$144.2m.

The increase, which bettered most market forecasts, is accounted for by several property sales over the past year as the territory's property market began to recover strongly from a three-year slump. The absence of several provisions necessary in the 1984 accounts boosted profits, as did improved contributions from associates like Hutchison Whampoa, the trading, property and retailing group.

Hutchison also announced half-year profits yesterday. While the net ficure was 14 per cent below that for the first half of 1984—down from HK$606m to HK$522m—the group seems to have performed more strongly than market analysts had predicted.

The fall in profits had been widely signalled, and was due to idiosyncratic factors.

Substantial interest earnings from positive cash balances of about HK$2bn have been replaced by interest costs following the acquisition in January of a controlling interest in Hongkong Electric, the utility company, for HK$2.9bn. Hutchison said this reversal had been offset by its share of profits earned by Hongkong Electric. The net gain from associates was HK$179m, against HK$32m last year.

Most critically, Hutchison had virtually no earnings in the first half of this year from property developments that are now near to completion. These earnings are expected to flow strongly from the last quarter.

Both companies reported extraordinary profits — HK$71m for Cheung Kong and HK$203m for Hutchison. For Cheung Kong, this represents a turnround from extraordinary losses in the first half of 1984 of HK$126m. Hutchison's extraordinary gain was largely due to earnings from the sale of its 21 per cent holding in the Cross Harbour Tunnel Company.

Cheung Kong announced an interim dividend of 19 cents a share, 27 per cent up on 1984, while Hutchison's interim dividend was 25 per cent better at 35 cents.

Consafe rejects rescue package

By David Brown in Gothenburg

CONSAFE, the financially troubled Swedish offshore services group, has rejected a key point in the rescue offer from Swedyard, the state-owned shipbuilding company, and its main creditor. The move leaves Consafe facing bankruptcy unless an agreement can be reached "within days," it said yesterday.

Swedyard has guaranteed about 80 per cent of Consafe's SKr 2.3bn ($277m) long-term debt. Consafe has agreed to its offer of a rescue package worth some SKr 600m, tied to an extensive rationalisation of its fleet. However, the Swedyard demand for an immediate share issue aimed at "changing the ownership structure" of Consafe has been rejected.

Consafe, the world's largest operator of offshore accommodation platforms, has asked that the issue be deferred until next spring, after the restructuring plan has been set in motion.

Mr J. C. Ericsson, the group's founder and managing director, said that unless Swedyard accepted these terms, either he and his directors would resign in favour of a state appointed board—effectively putting responsibility for restructuring with the Government—or file for bankruptcy at a cost of between SKr 500m, and SKr 900m.

Mr Ericsson controls some 92 per cent of the votes in Consafe and 55 per cent of the equity. He has had deep personal disagreements with the management at Swedyard and the Government insists that he lose control of the group part of the rescue plan.

Consafe has been fighting since July to avert a bankruptcy in the face of expected losses of SKr 400m in 1985. Under the rescue, it would be forced to sell a substantial part of its fleet at a loss and concentrate on the operation of offshore accommodation and service platforms.

Swedyard is expected to make a reply during the weekend.

CGE takes big Framatome stake

BY DAVID HOUSEGO IN PARIS

CGE, the nationalised French electronics group, is to be the major shareholder in Framatome, the nuclear power plant manufacturer, in a capital restructuring of the group that brings under one roof the bulk of France's nuclear and electrical plant manufacturing capacity.

CGE already controls Alsthom Atlantique, France's major constructor of conventional generating equipment, and Cables de Lyon, the transmission cables manufacturer. Framatome is the world's second largest builder of nuclear power plant. It recently absorbed the turbine, boiler and energy activities of the bankrupt Creusot-Loire group.

The new group will thus be able to offer on world export markets a full range of power generating equipment from nuclear or conventionally fired stations through to generators, accumulators and transmission cables. Framatome has in the past teamed up with GEC of Britain to bid for a nuclear power station in Guandong province in Chona.

The new restructuring of Framatome was decided by the Government yesterday after months of indecision over the future shareholding of the group following the collapse of Creusot-Loire.

Creusot-Loire had a 50 per cent stake in the company with the Commissariat a l'Energie Atomique (the Atomic Energy Commission). Uncertainty over Framatome's capital resources was damaging the group's export chances, company officials maintained.

Under the new structure, CGE will have a 40 per cent holding in Framatome with CEA's stake reduced to about 35 per cent. Electricite de France, the French generating authority which has been Framatome's main client, will have 10 per cent. A further 10 per cent is to be taken up by Dumez, the construction group. Framatome's management will be offered 5 per cent. CGE will have management control.

In deciding to give CGE the major stake in the group, the Government's intent is both to strengthen its export potential but also to provide it with the resources to ride out what are expected to be difficult years for Framatome in the early 1990s.

Over the next few years Framatome's cash-flow will be strong as a result of existing nuclear power contracts. But orders by EDF have sharply fallen off and will not pick up in a major way until the mid-1990s. Export orders have also been lagging.

The intention also is that CGE, with its multifarious interests, will help Framatome to diversify further—a process that it has already begun by investing in computer software and a desalination company.

Framatome had sales last year of FFr 7.6bn ($895m) and employs a workforce of 7,600.

General Motors Pilipinas closes plants

BY SAMUEL SENOREN IN MANILA

GENERAL MOTORS PILIPINAS (GMP), a 60-40 joint venture between GM of the U.S. and Isuzu of Japan, yesterday closed its car assembly and transmission plants in the Philippines for an indefinite period because of continuing foreign exchange difficulties and a severely depleted market.

GMP's car factory has been idle since August 22 after completing assembly of the few remaining knockdown kits imported from Japan. The transmission plant, which has the capacity to produce 72,000 assemblies annually, has also had problems in finding sources of raw materials.

The closure of the two facilities coincided with a strike called by the labour union which is demanding full severance benefits.

GMP, in which the partners had invested $28m, has piled up losses of close to 500m pesos ($26m) since 1979. For last year alone, it reported a loss of 242m pesos.

GMP is the third car company to close—Ford Philippines as well as Delta Motor, which assembled Toyota vehicles, phased out operations last year with Ford reporting accumulated losses of more than 600m pesos since 1979 and Delta ending up with a deficit of 1.4bn pesos.

Two other suppliers remain, both under the Government-sponsored Progressive Car Manufacturing Programme, and marketing Mitsubishi and Nissan vehicles.

The Philippine car industry market has already shrunk by an estimated 58 per cent in the first half, compared with an unprecedented 75 per cent decline in 1984. The total market has been in the range of 32,000 to 35,000 units annually.

In 1983, GMP reported total sales of 682m pesos and a loss of 152m pesos.

● GM is also to close a plant in New Jersey for a full year to undergo retooling for a new range of vehicles. The company will lay off all 4,800 workers at the facility, located at Linden, which makes some of the larger luxury cars in the GM model line-up.

GM has not said what it intends to build at Linden, but analysts say that the closure illustrates the depth of the new investment programme launched by the motor group as it grapples with new technology being developed for car manufacturing.

These involve both production line technology and computerised techniques for controlling the work flow which are being developed by EDS, the data processing company acquired last year by GM.

In the current year, GM has blamed these investments for depressing earnings below the record levels achieved in 1984.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	—	—	5	34	—	—	$333.70
GOLD C	$340	174	13.50	26	23 A	—	—	"
GOLD C	$360	151	6.20	4	14.50 B	6	19.50	"
GOLD P	$300	—	—	3	4.30 B	—	—	"
GOLD P	$320	311	4.50	—	—	—	—	"
GOLD P	$340	3	12	—	—	2	17	"
		Sept.		Dec.		March		
SILVER C	$650	10	8	—	—	—	—	$627
SILVER C	$700	—	—	—	—	5	28	"
S/FL C	Fl.305	—	—	—	—	5	16.50	Fl.314.50
S/FL C	Fl.310	35	5.70 B	—	—	—	—	"
S/FL C	Fl.315	9	3.20	10	8.30	—	—	"
S/FL C	Fl.320	25	1.60	40	6.50	—	—	"
S/FL C	Fl.325	15	0.50	12	5.30	—	—	"
S/FL C	Fl.335	—	—	—	—	12	4.50	"
S/FL P	Fl.350	—	—	5	1	—	—	"
S/FL P	Fl.370	4	0.05	—	—	—	—	"
S/FL P	Fl.305	16	1.30	20	7.10	1	12	"
S/FL P	Fl.310	59	2.40	4	9.50	—	—	"
S/FL P	Fl.315	—	—	8	12.80	—	—	"
S/FL P	Fl.320	—	—	18	15.50	12	18.50	"
S/FL P	Fl.330	3	17.60	—	—	—	—	"
S/FL P	Fl.335	46	20.50	1	26	—	—	"
S/FL P	Fl.340	1	26.50	—	—	—	—	"
S/FL P	Fl.350	1	36.50	—	—	—	—	"
S/FL P	Fl.370	1	57	—	—	—	—	"
£/$ C	$140	2	1.80	250	4.80	—	—	$139.85
£/$ P	$140	—	—	250	6	—	—	"
		Oct.		Jan.		Apr.		
ABN C	Fl.500	88	19.50	41	30	—	—	Fl.513
ABN P	Fl.500	49	3.80	92	6.20	—	—	"
AEGN C	Fl.100	262	3	120	6	4	8	Fl.100
AEGN P	Fl.90	215	0.50	—	—	—	—	"
AH C	Fl.250	14	3A	17	7.70	—	—	Fl.241
AH P	Fl.240	6	4.10	—	—	—	—	"
AKZO C	Fl.130	518	1.90	186	4.90	64	7.80	124.70
AKZO P	Fl.120	638	1.30	60	3.30	—	—	"
AMRO C	Fl.90	190	2.60	48	4.50	84	6.10	Fl.89.90
AMRO P	Fl.85	144	0.60	13	1.60	—	—	"
GIST C	Fl.220	108	4.30 B	39	10.80	11	14.90	Fl.214.50
GIST P	Fl.220	37	7.30	3	10.50	—	—	"
HEIN C	Fl.140	2	12	100	14.50	—	—	Fl.149.80
HEIN P	Fl.150	36	3.20	—	—	5	5.50	"
HOOG C	Fl.65	63	2	22	3.30	—	—	Fl.62.90
HOOG P	Fl.70	20	7.60	—	—	—	—	"
KLM C	Fl.65	230	1.40	126	3.10	6	4.50	Fl.62
KLM P	Fl.60	42	1.20	56	2.20	—	—	"
NEDL C	Fl.190	20	2.60	35	7.50	—	—	Fl.179.70
NEDL P	Fl.270	15	1.40	56	3.50	5	6	"
NATN C	Fl.80	150	0.50 B	74	1.90	69	3.60	Fl.73.70
NATN P	Fl.72.50	44	1.10	73	—	—	—	"
PETR P	Fr.6,000	—	—	2	560	—	—	Fr.6,560
PHIL C	Fl.50	1138	1.40	438	2.80	1148	4.20	Fl.49.10
PHIL P	Fl.50	143	2	297	2.90	162	3.20	"
RD C	Fl.190	704	8.20	117	12.30	14	15.30	Fl.197.30
RD P	Fl.200	658	8.60	29	9.40	18	10.70	"
ROBE C	Fl.77.50	—	—	16	2.10	—	—	Fl.76.10
ROBE P	Fl.70	25	0.10	—	—	—	—	"
UNIL C	Fl.340	74	8.30	1	14 B	3	21.50	Fl.335
UNIL P	Fl.340	14	9.60 A	27	14	—	—	"

TOTAL VOLUME IN CONTRACTS: 20,689

A=Ask B=Bid C=Call P=Put

Improvement at Woolworths Australia

By Our Financial Staff

WOOLWORTHS, the Australian supermarket chain now confronted by the commanding position in the retail market secured by the newly merged Coles and Myer groups, yesterday produced interim net profits of A$24.4m (US$17.1m), ahead by 26 per cent.

The attributable result for the half-year to August 4 was further enhanced with the inclusion of A$10.6m in extraordinary earnings from the sale of properties. The figure of A$35m compares with A$19m a year ago, and the mid-term payout is being raised to 6 cents a share from 5.5 cents.

Sales, A$1.7bn in the same period of 1984, this time reached A$2.1bn. On Thursday Coles reported turnover of A$6.1bn for its full year, prior to the inclusion of any contribution from Myer.

Woolworths, which is unrelated to the British and U.S. groups of that name, achieved its profits advance despite a jump in interest charges from A$6.4m to A$10.4m, and a reduction in indirectly earned income to A$4.5m against A$5.6m.

The company described sales so far in the current half as satisfactory, expressed optimism about prospects for the year as a whole, but refrained from offering a specific forecast.

It said that in the first six months all divisions had contributed to the turnover advance.

GAF plans to raise Union Carbide holding

By Terry Dodsworth in New York

THE PROSPECT of a takeover battle for Union Carbide, the U.S. chemicals company, loomed larger yesterday following the disclosure that the GAF chemicals and roofing materials group was seeking approval to acquire a stake of more than 10 per cent.

GAF is required to ask for regulatory approval to buy more than 10 per cent of Union Carbide under the Hart-Scott-Rodino anti-trust laws. These insist that companies have to be cleared under the monopoly rules before building up a large stake in other concerns.

In a filing with the Securities and Exchange Commission, the watchdog for the U.S. stock market, GAF disclosed that it had raised its shareholding in Union Carbide from 7.1 per cent to 9.9 per cent and now holds almost 7m Union Carbide shares.

About 1.9m of these shares had been purchased since August 26 at prices between $53⅞ and $55⅞.

Union Carbide stock has been among the most actively traded on the New York stock exchange over the last week as the company has come under intense speculative interest. In early trading yesterday, the shares were unchanged at $56¾.

GAF, a much smaller company than Union Carbide, said in its filing that it may acquire up to 15 per cent of Union Carbide. It has previously said that it was acquiring the chemical group's stock for "investment purposes"—a catch-all phrase which is often interpreted on Wall Street as a preliminary move in a takeover battle.

Earlier this week, Union Carbide unveiled a sweeping reorganisation and share buy-back plan

Siam Cement 14.9% down

By Boonsong K'Thana in Bangkok

SIAM CEMENT, Thailand's largest industrial concern, has reported consolidated net profits for the first half of this year down by 14.9 per cent to 676m baht ($25.3m), despite a 1.75 per cent rise in sales to 7.07bn baht.

For the parent company alone, however, profits increased 34 per cent in the period to 741m baht, although sales dropped 3.8 per cent to 6.73bn baht.

An interim dividend of 20 baht per share (including an 8 baht bonus) was declared, unchanged from the previous period.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*586)	460	118	—	—	1	—	—
	500	78	98	102	3	5	10
	550	39	55	63	10	15	20
	600	10	23	—	35	40	—
Cons. Gold (*409)	390	40	52	65	16	22	28
	420	20	38	50	35	44	50
	460	9	23	33	67	67	77
	500	4	13	18	107	107	118
Courtaulds (*137)	120	20	24	25	2	3	4
	130	11	16	20	3	5	8
	140	6	10	—	6	11	—
	160	2½	5	—	25	27	—
Com. Union (*226)	180	47	—	—	2	—	—
	200	27	33	39	3	6	9
	220	13	19	25	11	15	17
	240	4	9	15	24	26	29
G.E.C. (*192)	160	36	42	48	2	3	4
	180	18	24	32	6	8	10
	200	6	12	19	14	15	20
Grand Met. (*328)	280	58	67	73	1½	4	6
	300	40	48	55	3	8	10
	330	14	22	30	15	18	25
I.C.I. (*671)	650	42	65	73	12	21	32
	700	16	35	44	42	47	62
	750	5	14	—	85	90	—
Land Sec. (*303)	280	29	35	40	2	5	9
	300	12	20	25	6	13	15
	330	3	7	11	29	30	31
Marks & Sp. (*152)	120	34	—	—	1	—	—
	130	24	30	33	2	3	4
	140	16	21	25	4	6	7
	160	4	7	12	13	16	17
Shell Trans. (*723)	650	80	92	100	4	9	17
	700	37	52	63	15	23	30
	750	9	22	—	47	53	—
	800	2½	—	—	85	—	—
Traf'gar Hse (*379)	330	—	62	—	—	4	—
	353	35	—	—	5	—	—
	360	—	58	44	—	12	15
	383	18	—	—	14	—	—
	390	—	18	25	—	26	29

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds. (*316)	300	30	40	50	10	15	22
	330	12	20	25	23	30	35
	360	3	—	—	48	—	—
	390	1	—	—	78	—	—
Barclays (*392)	335	67	—	—	2	—	—
	360	—	67	70	—	10	15
	385	30	—	—	17	—	—
	390	—	37	50	—	28	32
	420	—	22	—	—	42	—
Brit. Aero (*373)	300	85	90	—	1	3	—
	330	55	63	73	6	10	15
	360	30	43	52	15	22	27
	390	16	28	—	30	35	—
	420	7	12	—	50	63	—
	460	3	—	—	90	—	—
Bt. Telecom (*206)	160	52	56	—	1	1	—
	170	42	—	—	1	—	—
	180	32	36	42	3	3½	5
	200	18	23	30	6	10	13
	220	6	12	—	17	20	—
Imperial Gr. (*183)	160	28	35	41	2	6	9
	180	16	23	28	8	12	16
	200	6½	10	12	22	26	27
	220	2½	—	—	43	—	—
LASMO (*290)	240	58	67	—	4	8	—
	260	42	50	55	7	14	18
	280	28	35	40	14	22	22
	293	16	—	—	21	—	—
	300	—	21	—	—	35	—
	323	8	—	—	40	—	—
	353	3	—	—	—	—	—
Lonrho (*153)	140	21	25	27	3	4	5
	160	7	12½	15	9	12	13
	180	3	5	—	27	28	—

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*401)	330	78	80	—	—	2	4
	360	50	60	—	4	11	12
	390	25	37	43	12	18	22
Racal (*156)	140	24	32	40	1	2	6
	160	12	20	26	6	11	14
	180	5	11	18	26	26	28
	200	2	5	—	46	46	—
R.T.Z. (*592)	500	104	110	—	3	4	—
	550	64	75	82	12	22	25
	600	33	40	50	27	42	50
Vaal Reefs (*$75)	70	10	13½	15	3½	10½	12½
	80	6¼	9	10½	14½	15½	17½
	90	3¾	5¾	—	20½	22½	—
	100	1¾	3	—	30½	31½	—

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Ex10% 1989 (*£98)	94	$4\frac{1}{16}$	$4\frac{3}{16}$	$4\frac{11}{16}$	$0\frac{1}{64}$	$0\frac{1}{32}$	$0\frac{1}{16}$
	96	$2\frac{1}{32}$	$2\frac{1}{2}$	$2\frac{13}{16}$	$0\frac{1}{64}$	$0\frac{1}{8}$	$0\frac{7}{16}$
	98	$0\frac{1}{16}$	$0\frac{31}{32}$	$1\frac{1}{2}$	$0\frac{1}{16}$	$0\frac{23}{32}$	$0\frac{15}{16}$
Tr. 11¾% 03/07 (*£111)	106	$4\frac{5}{8}$	$4\frac{7}{8}$	$5\frac{1}{8}$	$0\frac{1}{64}$	$0\frac{1}{8}$	$0\frac{3}{8}$
	108	$2\frac{5}{16}$	$3\frac{1}{4}$	$3\frac{7}{8}$	$0\frac{1}{32}$	$0\frac{7}{16}$	$0\frac{7}{8}$
	110	$0\frac{5}{16}$	$2\frac{1}{16}$	$2\frac{3}{4}$	$0\frac{1}{8}$	1	$1\frac{1}{16}$
	112	$0\frac{1}{32}$	$1\frac{1}{16}$	$1\frac{3}{4}$	$1\frac{5}{8}$	$2\frac{1}{16}$	$2\frac{5}{8}$

Option		Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
BTR (*360)	300	65	75	80	2	5	8
	325	42	52	—	5	10	—
	330	—	—	53	—	—	17
	350	22	35	—	12	22	—
	360	—	—	30	—	—	33
Beecham (*340)	300	45	65	62	2½	5	8
	330	20	30	40	7	13	20
	360	5	17	23	25	30	35
Bass (*569)	500	82	92	105	3	7	11
	550	32	47	64	10	20	27
	600	7	22	34	36	47	52
De Beers (*$4.30)	460	19	30	42	45	55	60
	500	10	20	30	80	87	105
	550	2	10	20	120	130	140
GKN (*227)	200	30	36	42	1½	4	5
	220	14	20	27	6	8	11
	240	5	9	15	16	19	22
Glaxo (*1352)	1250	120	150	185	8	23	33
	1300	78	115	155	15	35	45
	1350	35	80	115	33	50	60
Hanson (*212)	180	—	43	46	—	3	4
	182	34	—	—	2	—	—
	195	24	30	—	3	5	—
	200	—	—	33	—	—	11
	215	8	16	—	11	14	—
Jaguar (*277)	260	22	33	41	6	10	15
	280	10	25	30	13	20	24
	300	4	15	—	27	31	—
Tesco (*258)	236	25	35	—	2	7	—
	240	—	—	37	—	—	9
	256	12	22	—	9	16	—
	260	—	—	27	—	—	20
£/$ (*139.77cts)	130	10.10	11.10	12.10	0.10	2.20	4.10
	135	5.00	7.50	9.00	0.25	3.80	5.80
	140	1.50	5.10	6.50	1.70	6.80	8.10
	145	0.30	2.90	4.70	5.50	9.20	11.40
$/DM (*35.71 cts)	34	1.85	2.44	2.96	0.04	0.40	0.68
	35	0.93	1.76	2.33	0.12	0.67	1.04
	36	0.39	1.26	1.79	0.50	1.13	1.48
	37	0.07	0.80	1.34	1.30	1.76	2.02

Option		Calls Aug	Calls Sep	Calls Oct	Calls Dec.	Puts Aug	Puts Sep.	Puts Oct.	Puts Dec
FT-SE Index (*1557)	1200	132	140	—	150	0½	1½	—	7
	1225	107	—	—	—	0½	—	—	—
	1250	82	90	97	104	0½	3	5	14
	1275	57	—	75	—	1	—	9	—
	1300	32	52	55	67	1	8	16	25
	1325	—	28	40	—	—	17	28	—
	1350	—	15	—	35	—	27	—	38

Aug. 30 Total Contracts 10,439. Calls 7,836. Puts 2,603

*Underlying security price

Daihatsu Motor reports record income for year

BY YOKO SHIBATA IN TOKYO

DAIHATSU MOTOR, the Japanese mini-car maker, experienced another good year with pre-tax profits moving ahead by 10.6 per cent to a record Y11.5bn ($48.5m) in the year to June.

Net profits jumped 32.4 per cent to Y6.64bn, on turnover of Y515.91bn against Y470bn. The higher sales were achieved by strong demand for its Mira and Charade models and increased production on behalf of Toyota Motor, which has a 15 per cent stake in Daihatsu. The performance was reflected in a Y1 dividend increase to Y6. In the year ending next June, Daihatsu forecasts sales of 763,000 units, up 6 per cent.

Sales of "micro" cars—those with an engine displacement of up to 500cc—have risen sharply despite a sluggish showing for other passenger vehicles in the domestic market. Makers such as Suzuki, the largest, and Daihatsu, which ranks second, are concerned about the impact from Honda's return to this growth market in early September with its new Today model. Meanwhile, Mazda has recently established a project team to develop a mini-commercial vehicle.

The current expansion has been largely attributed to the introduction of micro commercial vehicles, called "bonnet vans" in Japan.

North Broken Hill rights

BY KENNETH MARSTON, MINING EDITOR

NORTH Broken Hill, the Australian mining and investment house, which took over EZ Industries last year, plans a A$117.9m (£59.3m) rights issue. The funds will be used to meet projected capital expenditure.

The issue will be a one-for-five at A$1.60 per share (currently 80p). The present London share price is around 121p. Payment will be by way of two equal instalments of 80 cents.

Following a poor first half as a result of low metal prices, North Broken Hill has ended the year to June, 1985 in better shape thanks to the beneficial impact of the weaker Australian dollar.

Net profits come out better than expected at A$25.33m compared with A$31.41m in 1983-1984. A final dividend of 4 cents makes a total of 6 cents on the enlarged capital, against the previous year's total of 9 cents.

Major current and future capital projects include modernisation of the Risdon base metal smelter in Tasmania.

Bond wins control of brewer

BY OUR FINANCIAL STAFF

BOND CORPORATION Holdings of Perth yesterday announced that it had achieved control of Castlemaine-Tooheys, the brewing group which earlier this week recommended acceptance of its A$1.1bn (US$774.6m) offer.

Bond said it now held nearly 55.7 per cent of Castlemaine. Further acceptances during the week had built on the 45 per cent stake it had acquired through on-market purchases and the sale by Allied-Lyons of the UK of its quarter share in the brewer.

WORLD STOCK MARKETS

WALL STREET

Early modest losses

MODEST LOSSES developed on Wall Street yesterday, when arbitragers were pursing strategies involving stocks and index futures.

By 1 pm the Dow Jones Industrial Average was off 3.92 to 1,331.21, reducing its rise on the week to 12.89, while the NYSE All Common index, at $109.38, shed 9 cents on the day but held an 89 cents gain on the week. Declines led advances by a four-to-three majority in a volume of *64m shares.*

Before the Stock Market opened, the Commerce Department reported Leading Indicators increased 0.4 per cent in *July. The June figure was* revised, to show a 0.4 per cent rise instead of a 1.0 per cent rise. Another report had U.S. factory Orders down 1.3 per cent in July.

Peter Furniss, of Drexel Burnham Lambert, said the Stock Market has managed to absorb negative economic news recently *without much of a* decline, and a build-up in Institutional cash could send prices higher in the near term.

Middle South Utilities firmed $\frac{1}{8}$ to 9\frac{1}{4}$—it omitted its quarterly dividend in a move that had been expected.

RCA were off $$\frac{3}{8}$ to 46\frac{1}{4}$ — it completed the sale of its Hertz car rental business to UAL for $587.5m. UAL also lost $$\frac{3}{8}$ to $55.

Union Carbide shed $$\frac{3}{8}$ to *56\frac{3}{8}$ after rising in the previous* two sessions on news of a restructuring programme. GAF Corp. said it now holds 9.9 per cent of Union Carbide's Common.

Computer stocks eased. **IBM** declined $$\frac{1}{4}$ to 126\frac{1}{4}$. **Digital Equipment** $$\frac{3}{4}$ to $104 and **Burroughs** also $$\frac{3}{4}$ to 64\frac{3}{4}$.

Ohio Edison led the actives, off $$\frac{1}{4}$ *to $16.* **Kansas Gas and Electric** regained $$\frac{3}{8}$ to 15\frac{1}{4}$ — investors have been worried the company might have to cut its dividend if it didn't get a rate increase it has requested.

THE AMERICAN S.E. *Market* Value index rose 0.79 to 235.04, making a rise of 3.39 on the week. Volume 4.39m shares.

Ozark Holdings led the actives, unchanged at $12.

Closing prices for North America were not available for this edition

CANADA

Stocks were higher in very active trading at midsession, despite losing some early gains.

The Toronto Composite index *rose 4.60 to 2,814.34 and Oil and* Gas 8.1 to 3,463.9, but Gold lost another 35.3 to 4,682.9.

Oils sustained their recent mild rally, paced by **Commercial Oil and Gas**, up 15 cents to $2.15 after it reported a modest gain in first half net income.

Gaz Metropolitain *held un*changed at 11\frac{1}{4}$ after reporting a slight increase in first half profit.

Bell Canada improved $$\frac{3}{8}$ to 43\frac{3}{4}$ after the Canadian Radio-Television and Telecommunications Commission denied a bid to introduce *long-distance* telephone competition to Canada.

TOKYO

Share prices reversed earlier gains to *close* lower as the market met profit-taking shortly before the close on end-month considerations.

The Nikkei Dow market average *shed 15.65 to 12,713.15. Turn*over 470m (500m) shares. The SE index eased 1.16 to 1,018.49 but the second section rose slightly on a volume of 12m *(12.5m) shares.*

Public spending-linked shares, Properties, "large capitals" and other recent forerunners declined, while Drugs and con*sumer spending - orientated* stocks were in demand.

Constructions also declined. Some Biotech-related issues rose initially but later fell on profit-taking, with **Morinaga** off Y4 at Y456, and **Dainippon Pharmaceutical** Y10 to Y3,200.

Kikkoman were down Y30 to Y745, after Y725, on news reports *anti-freeze chemicals were found* in its wine-making subsidiary's wine. Other Wineries also fell.

International populars were neglected but Trading Houses were in demand *on speculation* about discount rate cut at home and abroad.

GERMANY

Mixed after a thin session which saw gains, led Motors, fall *away from* highs in the second half of the session.

Turnover was again lower. Foreign buying and selling was in evidence, but there were no *new factors* to trade on.

Engineering **Linde**, previously neglected, moved up DM 14 to 530.

The Commerzbank index of 60 leading shares, set at mid-session, rose 4.5 to 1,473.8.

In Motors, **BMW** finished DM8 higher at 476, after 485.50. **Daimler** finished DM5 lower at 958.

Chemicals eased.

Building Supplies **Oldler-Werke** ended DM 10 higher at 214, following news of its warrant bond offered on subscription to shareholders next month.

PARIS

French stocks mixed to lower as investors took profits on the *market's* recent three-day advance.

Brokers said profit-taking was most pronounced in Foods and Constructions, which had led the market's advance earlier in the week. Chemicals and Textiles were also marked lower.

But Banks, which lagged the market's previous rally, made up lost ground with broad advances. Oils also edged higher.

Declining issues led advances *92-to-73, with 24 French issues* unchanged. Volume was moderate as investors were reluctant to establish new positions before the weekend.

HONG KONG

Firmer, aided by expectations of improved corporate profits.

The Hang Seng index finished *3.91 higher at 1,656.10,* despite light selling pressure toward the close.

Brokers said stock prices withstood speculation of a possible interest rate *increase* at today's weekly meeting of the Hong Kong Association of Banks.

After the market closed **Hutchinson Whampoa**, unchanged at *$HK28.2*, reported lower first half profits but raised its *interim* dividend.

Cheung Kong rose 20 cents to $HK18.60. **Swire Pacific "A"** moved up 60 cents *to* $HK25.90 —after the close each reported higher first half profits.

SINGAPORE

Shares prices rose over a broad front on sustained buying *support* and shortcovering in active trading.

The Straits Times Industrial index rose 5.30 to 752.65 and SE All Shares index 1.52 to 286.77. Turnover 23.1m (12.7m) shares.

Raleigh Bhd, the most active issue with a turnover of 1.9m shares, rose 12 cents to S$2.34. ***TDM*** *put on* 38 cents to S$3.72 on 1.7m shares and **Sime Darby** gained 6 cents to S$1.79 on 1.2m shares.

Rothman Industries firmed 2 cents to S$1.69, despite slightly lower profit and an unchanged dividend for year to June 30. *Singapore* **Bus** *rose* 2 cents to S$2.43 and **Intraco** one cent to S$1.55 on their higher interim results.

Sime Darby put on 6 cents to *S$1.79* in *heavy* turnover, on rumours that its annual results, to be announced Monday, may prove better than market expectations.

Hotels and Properties were slightly higher, while Commodities were little changed.

AUSTRALIA

Easier as lower Gold prices hit precious metal stocks. Investor uneasiness over higher *interest rates also* contributed to the bearish tone.

The All Ordinaries index lost 8.0 to 937.8, the All Industrials 5.8 to 1371.8, the Gold marker 39.7 *to 1074.0* and the All Resources 9.2 to 602.0.

National turnover 56.2m (72.3m) shares worth $A91m ($A88.3m). Falls exceeded rises 332 to 160.

Brokers said selling pressure in all sectors was fairly light, with several leading stocks recording sharp falls on very low *volumes, adding* the Industrial sector still looked overbought.

Banking stocks were firmer.

Selected Gold issues lost much of the past two days' gains. **Kidston** *fell 26 cents to* $A5.84 and **Poseidon** 25 cents to $A4.55.

CANADA

Stock	Aug. 29	Aug. 28
AMCA Intl.	16¼	16⅞
Abitibi	20⅝	20⅝
Agnico Eagl.	20⅝	20¾
Alberta Energy	20	19⅝
Alcan Aluminium	38⅝	37⅞
Algoma Steel	21⅛	21
Argcen Inc	22	22¼
Bank Montreal	30¾	30⅛
Bank NovaScotia	13⅝	13½
Cambbell Red L.	35⅜	34⅜
Can. Cement Pt.	10¾	10⅞
Can. NW Energy.	24¼	24⅜
Can. Packers	34⅛	34⅛
Can. Trustco	41	40¾
Can. Imp. Bank.	38¾	38⅝
Can. Pacific.	18⅛	18¼
Can. Pac. Ents	26⅛	26¼
Can. Tire C.	9¾	9¾
Canfor	8¼	8¼
Carling O'Kfe.	14¾	
Dome Mines	13⅝	15⅝
Dome Petroleum	2.93	2.90
Domtar	19⅞	20⅛
Falconbridge	20¼	20⅛
Fed. Inds. A	12⅞	13⅛
Gendis A	30¾	31
Genstar	32¼	32
Giant Y'knife	23⅝	24
Gt. West Life	4.25	4.25
Gulf Canada	20⅛	20
Loblaw	22	21⅞
Macmil Bloedel	20¼	20¼
Marks & Spencer	11⅝	11⅝
MasseyFerguson	3.65	3.60
McIntyre Mines	41	41
Mitel Corpn	10	10
Molson A	18⅛	17¾
Moore Corp.	25¼	25
Nat. Bank Can.	22¾	22⅝
Nat. Sea Prods A	9⅛	9¼
Ranger Oil	5⅛	5⅛
Reed St'house A	22	22
Rio Algom	23⅛	23¼
Royal Bank Can.	31¼	31⅛
Royal Trust A	23¼	23⅛
Sceptre Res	5⅝	5⅝
Seagram	54⅛	54⅛
Sears Can. Inc	8⅞	8⅞
Shell Can. A	26⅝	26¾

Indices

NEW YORK ACTIVE STOCKS

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar improves

The dollar rose in thin pre-weekend trading yesterday as better-than-expected U.S. trade figures prompted a little short covering. In view of the low volume this pushed the dollar firmer. However there did not appear to be any change in sentiment with other economic statistics released showing little sign of an upturn in economic activity.

In view of the long weekend the fact that the dollar closed well outside its recent trading range was not as significant as it would have been in normal trading. The dollar closed at DM 2.8110 from DM 2.7795 and SwFr 2.3080 compared with SwFr 2.2785. Against the yen it improved to Y238.80 from Y237.05 and FFr 8.5850 from FFr 8.4850. *On Bank of England* figures, the dollar's exchange rate index rose from 136.7 to 137.5.

Sterling remained on the sidelines but managed to resist the dollar's late rise. The D-mark appeared to take the brunt of things. Sterling was underpinned by the continued high level of interest rates and closed at $1.3925-1.3935, a fall of 70 points. It was firmer against the D-mark at DM3.9150 from DM3.89 and Y332.5 compared with Y332.0. Against the Swiss franc it rose to SwFr 3.2150 from SwFr 3.1925 and FFr 11.9525 from FFr 11.8850. On Bank of England figures, *the pound's exchange* rate index finished at 82.7 up from 82.4 on Thursday and its best level this month.

£ IN NEW YORK

	Aug. 30	Prev. close
£ Spot	$1.3925-1.3940	$1.3975-1.3985
1 month	0.47-0.45 pm	0.43-0.42pm
3 months	1.25-1.21 pm	1.19-1.16pm
12 months	3.00-2.90pm	2.97-2.87pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	Aug 30	Previous
8.30 am	82.5	82.6
9.00 am	82.6	82.6
10.00 am	82.5	82.7
11.00 am	82.4	82.6
Noon	82.5	82.6
1.00 pm	82.5	82.6
2.00 pm	82.5	82.5
3.00 pm	82.6	82.5
4.00 pm	82.7	82.4

POUND SPOT—FORWARD AGAINST POUND

August 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3880-1.4010	1.3925-1.3935	0.46-0.43c pm	3.83	1.24-1.19pm	3.49
Canada	1.8973-1.9119	1.9005-1.9015	0.49-0.41c pm	2.84	1.23-1.10pm	2.45
Nethlnd.	4.37½-4.40¼	4.36½-4.39½	2¼-2c pm	5.81	6½-6pm	5.64
Belgium	78.65-79.31	79.15-79.25	20-13c pm	2.50	44-31pm	1.89
Denmark	14.14½-14.20¾	14.17½-14.18½	4½-3½ore pm	3.07	9½-8½pm	2.47
Ireland	1.2516-1.2610	1.2524-1.2604	0.25-0.10c pm	1.67	0.62-0.33pm	1.51
W. Ger.	3.88½-3.92	3.91-3.92	2½-2¼pf pm	7.28	6⅞-6⅝pm	6.83
Portugal	229½-234	229½-234	60-420c dis	−12.47	420-1490dis	−16.54
Spain	228½-230	228½-229¼	10-70c dis	−2.10	60-225dis	−2.49
Italy	2,598¼-2,623½	2,611½-2,612½	2 pm-4 lire dis	−0.46	8-13dis	−0.01
Norway	11.45¼-11.53¼	11.46-11.47	½-⅞ore dis	−0.52	2½-3¼dis	−1.00
France	11.88¼-11.98	11.94¾-11.95¾	2¼-1½c pm	1.88	2¼-1¼pm	0.67
Sweden	11.54½-11.63½	11.57-11.58	2⅞-3½ore dis	−3.24	9¼-9⅞dis	−3.30
Japan	331-333¼	332-333	1.54-1.44y pm	5.38	4.31-4.17pm	5.10
Austria	27.36-27.51	27.40-27.47	15¼-14¼gro pm	6.59	41⅞-38½pm	5.86
Switz.	3.19-3.22	3.21-3.22	2¼-2c pm	7.93	6½-5½pm	7.39

Belgian rate is for convertible francs. Financial franc 79.55-79.65. *Six-month forward dollar 2.01-1.96c pm. 12-month 3.10-2.95c pm.*

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3880-1.4010	1.3925-1.3935	0.46-0.43c pm	3.83	1.24-1.19pm	3.49
Ireland†	1.1050-1.1190	1.1062-1.1072	0.25-0.15c pm	2.15	0.65-0.45pm	1.97
Canada	1.3627-1.3649	1.3644-1.3649	0.10-0.13c dis	−1.01	0.33-0.38dis	−1.04
Nethlnd.	3.1290-3.1560	3.1535-3.1545	0.59-0.56c pm	2.20	1.79-1.76pm	2.26
Belgium	56.28-57.00	56.85-56.95	5-7c dis	−1.28	20-23dis	−1.52
Denmark	10.10-10.20¾	10.19¾-10.20¾	¼-¾ore dis	−0.59	¾-1¼dis	−0.40
W. Ger.	2.7790-2.8130	2.8105-2.8115	0.81-0.78pf pm	3.39	2.42-2.37pm	3.44
Portugal	166½-168½	167½-168½	100-350c dis	−16.17	450-1200dis	−19.76
Spain	163.40-165.20	164.50-164.75	65-120c dis	−6.79	225-325dis	−6.73
Italy	1861-1881	1875½-1876½	7-8 lire dis	−4.81	23-25dis	−5.13
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−4.26
France	8.49-8.59	8.56½-8.58½	1.35-1.50c dis	−2.01	5.90-6.30dis	−2.87
Sweden	8.28-8.32½	8.32-8.33	4½-5ore dis	−6.88	13½-14dis	−6.64
Japan	237.75-238.90	238.75-238.85	0.34-0.26y pm	1.52	1.03-0.93pm	1.65
Austria	19.53½-19.74	19.69-19.74	4½-4gro pm	2.61	13½-11pm	2.51
Switz.	2.2770-2.3100	2.3075-2.3085	0.65-0.62c pm	3.47	1.95-1.86pm	3.31

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.10-57.20.

OTHER CURRENCIES

Aug. 30	£	$		£ Note Rates
Argentina Austl.	1.1176-1.1198	0.8000-0.8010	Austria	27.25-27.55
Australia Dollar	1.9855-1.9895	1.4198-1.4218	Belgium	79.35-80.15
Brazil Cruzeiro	9,709-9,745	6,950-6,970	Denmark	14.09-14.23
Finland Markka	8.2971-8.3205	5.9300-5.9320	France	11.85-11.98
Greek Drachma	185.37-187.35	130.98-133.72	Germany	3.88-3.92
Hongkong Dollar	10.9000-10.9160	7.8025-7.8045	Italy	2595-2640
Iran Rial	124.10	88.80*	Japan	331-334
KuwaitDinar(KD)	0.4215-0.4225	0.30205-0.30225	Netherlands	4.36-4.40
Luxembourg Fr.	79.15-79.25	56.85-56.95	Norway	11.45-11.57
Malaysia Ringgit	3.4560-3.4630	2.4750-2.4760	Portugal	226-241
NewZealand Dlr.	2.5660-2.5735	1.8348-1.8399	Spain	222-232
Saudi Arab Riyal	5.1000-5.1065	3.6510-3.6525	Sweden	11.54-11.66
Singapore Dollar	3.1485-3.1560	2.2530-2.2570	Switzerland	3.18-3.21
Sth African Rand	[illegible]	[illegible]	United States	1.38-1.41
U.A.E. Dirham	5.1295-5.1350	3.6720-3.6730	Yugoslavia	300-550

* Selling rate.

EXCHANGE CROSS RATES

Aug. 30	Pound St'ling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.393	3.915	332.5	11.952	3.215	4.390	2612.	1.901	79.20
U.S. Dollar	0.718	1.	2.810	238.7	8.580	2.308	3.151	1875	1.365	56.86
Deutschemark	0.255	0.356	1.	84.93	3.053	0.821	1.121	667.2	0.486	20.23
Japanese Yen 1,000	3.008	4.189	11.77	1000.	35.95	9.669	13.20	7856.	5.717	238.2
French Franc 10	0.837	1.165	3.275	278.2	10.	2.690	3.673	2185.	1.590	66.26
Swiss Franc	0.311	0.433	1.218	103.4	3.718	1.	1.365	812.4	0.591	24.63
Dutch Guilder	0.228	0.317	0.892	75.74	2.723	0.732	1.	595.0	0.433	18.04
Italian Lira 1,000	0.383	0.533	1.499	127.3	4.576	1.231	1.681	1000.	0.728	30.32
Canadian Dollar	0.526	0.733	2.059	174.9	6.287	1.691	2.309	1374.	1.	41.66
Belgian Franc 100	1.263	1.759	4.943	419.8	15.09	4.059	5.543	3298.	2.400	100.

MONEY MARKETS

Firmer rates

Interest *rates were a little* firmer in London yesterday in rather quiet trading. The firmer tendency reflected a stronger performance by the *dollar following* the release of U.S. economic data. At the same time, short-term funds were a little more comfortable than of late with the authorities eventually providing more help than the published forecast. Weekend interbank money opened at 12-12¼ per cent and touched 13½ per cent *before slipping away* to 10 per cent. Late demand pushed the rate back to 10½ per cent, however.

Three-month interbank money rose to 11$\frac{9}{16}$-11$\frac{11}{16}$ per cent from 11½-11⅝ per cent, while three-month eligible bank bills were bid at 11$\frac{11}{32}$ per cent from 11$\frac{5}{16}$ per cent.

The Bank of England forecast a shortage of around £850m with factors affecting the market *including maturing assistance* and a take up of Treasury bills together draining £957m and a rise in the note circulation of £190m. In addition banks brought forward balances £40m below target. These were partly offset by Exchequer transactions which added £320m. The Bank gave asistance in the morning of £361m through outright purchases of bills, £8m of eligible bank bills in band 1 (up to 14 days) at 11⅜ per cent and £269m in band 2 (15-33 days) at 11$\frac{5}{16}$ per cent. *In band 3 (34-63 days)* it bought £34m of Treasury bills and £[illegible] of eligible bank bills all at 11¼ per cent and in band 4 (64-91 days) £10m of eligible bank bills at 11$\frac{3}{16}$ per cent.

The forecast was later revised to a shortage of around £900m before taking into account the early help and the authorities *gave additional assistance* in the afternoon of £459m. This comprised purchases of £416m of eligible bank bills in band 2 at 11$\frac{5}{16}$ per cent and £4m in band 3 *at 11¼ per cent. In band 4 it* bought £10m of local authority bills and £29m of eligible bank bills at 11$\frac{3}{16}$ per cent. Late help came to £125m, making a total of £945m.

UK clearing banks base lending rate 11½ per cent since July 30.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Aug. 30 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-12½	11⅞-12	12-12⅛	10-12⅛	—	—	—	—	—
2 days notice	—	—	11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅞-12⅛	11⅞	12⅛-12¼	11¾-11⅞	—	—	—	—	—
One month	11$\frac{11}{16}$-11$\frac{9}{16}$	11⅞ 12	11¾-11$\frac{11}{16}$	11⅞	11½	11½	11½	11½	11$\frac{13}{32}$	12⅛
Two months	11$\frac{9}{16}$-11$\frac{7}{16}$	11$\frac{11}{16}$-11$\frac{9}{16}$	11$\frac{11}{16}$-11¾	11$\frac{11}{16}$	11¼	11¼	11¼	11¼	11$\frac{7}{32}$	11⅞
Three months	11$\frac{9}{16}$-11$\frac{7}{16}$	11$\frac{11}{16}$-11$\frac{9}{16}$	11½-11⅝	11$\frac{11}{16}$	11	11	11	11$\frac{1}{32}$	11$\frac{11}{32}$	11$\frac{13}{32}$
Six months	10$\frac{15}{16}$-10$\frac{13}{16}$	11$\frac{7}{16}$-11⅝	11¼	11⅝	—	—	—	10$\frac{15}{16}$-11⅛	10$\frac{15}{16}$	11$\frac{1}{32}$
Nine months	10$\frac{15}{16}$-10$\frac{13}{16}$	11$\frac{7}{16}$ 11$\frac{5}{16}$	11⅛	11¼	—	—	—	—	—	—
One year	10¾-10⅝	11 11⅛	11	11⅛	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¼ 12	—	11⅞	7.75-7.85	7$\frac{9}{16}$-7$\frac{13}{16}$	8$\frac{1}{16}$-8$\frac{5}{16}$
Three months	12⅛-11⅞	—	11¾	7.8-7.9	7⅝-7⅞	8$\frac{3}{16}$-8$\frac{7}{16}$
Six months	12$\frac{1}{16}$-11$\frac{13}{16}$	—	11⅝	7.8-7.9	7$\frac{11}{16}$-7$\frac{15}{16}$	8⅛-8⅜
Nine months	11⅝-11⅜	—	11$\frac{9}{16}$	7.95-8.05	7$\frac{13}{16}$-8$\frac{1}{16}$	8¾-8⅞
One year	11⅜-11⅛	—	11$\frac{7}{16}$	8.15-8.25	—	—
Two years	11¼-11	—	11⅛	8.3-8.4	8$\frac{5}{16}$-8$\frac{9}{16}$	8$\frac{9}{16}$-8$\frac{13}{16}$
Three years	—	10⅞	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Finance Scheme IV: Average rate of interest period July 3 to August 6 (inclusive): 11.989 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent from September 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice [illegible]. Treasury Bills: Average tender rate of discount 11.0009 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¾ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from August 9. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 30)

3 months U.S. dollars	
bid 7 15/16	offer 8 1/16

6 months U.S. dollars	
bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12-12⅛	7$\frac{5}{16}$-7$\frac{11}{16}$	8⅛-8¾	5¾-5⅞	1¼-1½	4$\frac{11}{16}$-4$\frac{13}{16}$	9⅛-9½	—	—	[illegible]	6⅝-6⅞	8⅝-9⅛
7 days' notice	12 12¼	7$\frac{11}{16}$-7$\frac{13}{16}$	8½-8¾	5¾-5⅞	2⅛-2⅜	4⅝-4$\frac{11}{16}$	9⅛-9⅝	10½-12½	8¾-9	[illegible]	6⅝-6⅞	9¼-9¾
Month	11⅞-12	7$\frac{11}{16}$-8$\frac{1}{16}$	8¾-8$\frac{13}{16}$	5¾-5⅞	4$\frac{1}{16}$-4$\frac{3}{16}$	4½ 4⅝	9⅞-10⅞	12-13	9½-9⅝	[illegible]	6$\frac{1}{16}$-6$\frac{3}{16}$	8⅝-9⅛
Three months	11⅝-11¾	8-8⅛	8$\frac{13}{16}$-9$\frac{1}{16}$	5$\frac{11}{16}$-5$\frac{13}{16}$	4$\frac{5}{16}$ 4$\frac{7}{16}$	4½-4⅝	10⅝-10⅞	12½-13¼	9½ 9⅞	[illegible]	6⅝-6$\frac{7}{16}$	8¾-9¼
Six months	11¼-11⅜	8⅛-8¼	9$\frac{1}{16}$-9⅜	5$\frac{11}{16}$-5$\frac{13}{16}$	4$\frac{7}{16}$-4$\frac{9}{16}$	4⅝-4$\frac{11}{16}$	11½-11¾	12¾-13½	9⅞-10⅛	9½-[illegible]	[illegible]	8½-9
One year	11$\frac{1}{16}$-11$\frac{3}{16}$	8$\frac{5}{16}$ 8$\frac{7}{16}$	9⅛-9$\frac{11}{16}$	5$\frac{11}{16}$-5$\frac{13}{16}$	4$\frac{11}{16}$-4$\frac{13}{16}$	4⅝-4⅞	11¾-12	13⅝ 14⅛	10-10¼	9⅝-9⅞	[illegible]-6⅝	9-9½

Asian $ (closing rates in Singapore): Short-term 7⅜-7½ per cent; seven days 7⅝-8 per cent; one month 7⅞-8 per cent; three months [illegible] per cent; six months 8⅛-8¼ per cent; one year 8⅛-8⅜ per cent. Long-term Eurodollars: two years 9⅛-9½ per cent; three years 9⅞-10⅛ per cent; four years [illegible] per cent; five years 10⅜-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Market c.i.f.	$1065/1075	—	$1180/1210	$1180/1210	$1025/1065
Antimony					
Free Market 99.6%	$2800/2850	—	[illegible]	[illegible]	[illegible]
Copper Cash High Grade	£1005.25	+9	£1043.75	£1139	£986
3 months Do. Do.	£1030.25	+9.75	£1066.5	£1151.75	£1013.25
Gold per oz.	$333.25	−0.25	[illegible]	[illegible]	[illegible]
Lead Cash	£303.75	+8.75	£357.25	£391.5	£282.5
3 months	£302.12	+4.00	£359.12	£355.5	£288.75
Nickel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Palladium oz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Platinum per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quicksilver (76 lbs)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Silver per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months per oz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tin cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tungsten Ind.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wolfram (22.04 lb)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zinc cash	£494.25	−11.25	£630.5	£844.5	£483.5
3 months	£498.25	−16.25	£641.25	£822.5	£487.75
Producers	$830	—	$990	$960	$830
GRAINS					
Barley Futures	£103.90x	+0.75	£108.30	£117.40	£96.00
Maize French	£136.50	+3.10	£153.00	£152.20	£133.40
WHEAT Futures	£102.85x	+0.25	£107.80	£124.95	£96.80
SPICES					
Cloves	$3,700	—	$4,350	$4,000	$3,700
Pepper white	$5,900	—	$6,250	$4,575	$5,300
Black	$3,525	—	$4,800	$3,600	$2,200
OILS					
Coconut (Philippines)	$430u	—	$1,000	$950	$415
Palm Malayan	$380w	−35	$560	$700	$380
SEEDS					
Copra (Philippines)	†	—	†	$575	$300
Soyabeans (U.S.)	$212.10wx	—	$265	$255.4	$212.1
OTHER COMMODITIES					
Cocoa Futures Dec.	£1730.5	−9	£1799.5	£2,266.5	£1,657
Coffee Futures Nov.	£1632.0	−52.6	£2387.5	£2,457	£1487.5
Cotton Index	55.95c	−0.35	74.85c	71.95c	55.95c
Des. Coconut	£740	—	£1300	£1,250	£740
Gas Oil Fut. Oct.	$240.75	+4.50	$236.5	$240.75	$208.75
Jute LJA BWC grade	505	—	$725	$945	$390
Rubber kilo	61.25p	+0.25	61p	70p	61p
Sisal No. 3L	$610	—	$315	$670	$515
Sugar (Raw)	$127u	+12	$115.5	$132	$82
Tea (quality) kilo	†	—	280p	345p	195p
(low med) kilo	†	—	214p	256p	107p
Wooltops 64s Super	424p kilo	−1	466p kilo	526p kilo	424p kilo

† Unquoted. (g) Madagascar. (t) September. (u) August-September. (x) November. (w) October. (v) September-October.

OIL

Most prices were stable in lacklustre trade ahead of the U.S. holiday weekend. Dubai inched up 5 cents and Nymex WTI fluctuated a few cents either side of Thursday's close. In the petroleum products market, gas oil firmed in late afternoon trading after uncertain and softer prices in the morning. Better supply and lower barge demand forced high sulphur fuel oil prices $1.00 lower in North West Europe and 50 cents down in the Mediterranean, Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Sept.		
Arab Light	26.70-27.70	—
Arab Heavy	N/A	—
Dubai	26.85-26.95*	−0.05
Brent Blend	27.75-27.80	
W.T.I. (1pm est)	27.95-28.05*	+0.075
Forcados (Nigeria)	28.10-28.20	N/A
Urals (cif NWE)	26.85-27.05	−0.05
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	267-269	—
Gas Oil	247-248	+0.5
Heavy fuel oil	138-142	−1
Naphtha	252-264	+1

* October.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
Sep	247.25	+3.25	247.75-45.50
Oct	240.75	+1.50	240.75-37.25
Nov	239.00	+1.50	239.25-36.25
Dec	238.75	−1.75	238.75-36.00
Jan	238.00	+1.25	238.00-36.00
Feb	235.50	+1.00	—

Turnover: 1,323 (2,180) lots of 100 tonnes.

GOLD

Gold fell $2 an ounce from Thursday's close in the London bullion market yesterday to finish at $333¼-$333¾. The metal opened at $335¾-$335¾ and traded between a high of $336-$336½ and a low of $332¼-$332¾. Gold retreated as the dollar improved on better than expected trade figures but the metal remained underpinned by continuing unrest in South Africa.

GOLD BULLION (fine ounce) Aug. 30

Close	$333¼-333¾	(£239¼-239¾)
Opening	$335¾-335¾	(£239¾-240¼)
M'ni'g fix.	$335.75	(£239.821)
Aft'n'n fix	$333.25	(£238.291)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$339½-340½	(£244-244½)
½ Krug.	$176¾-177¼	(£127-127½)
¼ Krug.	$90¼-90¾	(£64¾-65¼)
1/10 Krug.	$36¾-37¼	(£26½-26¾)
Mapleleaf	$344-345	(£247¼-248)
New Sov.	$78¾-79¼	(£56½-57)
½New Sov	$47¾-48¼	(£34¼-34¾)
Old Sov.	$80-81½	(£57½-58¾)
$20 Eagle	$480-520	(£345-373½)
Noble Plat	$345-349	(£246½-249½)

REVIEW OF THE WEEK

Zinc price slides to 25-month low

BY RICHARD MOONEY

CONCERN ABOUT the growing imbalance between world supply and demand kept zinc prices under pressure this week.

The sharp decline in the London Metal Exchange (LME) zinc market towards the end of last week was largely due to expectations that European producers were about to cut their official prices to bring them closer into line with the free market. This view proved partly correct when Metallgesellschaft of West Germany announced a $50 cut to $780 a tonne on Tuesday. But so far the other major European suppliers have not followed this lead.

The Metallgesellschaft move gave further encouragement to the bears — although its new price remains well above the market level—and by midweek the LME cash price had fallen to £483.50 a tonne, the lowest level since July, 1983.

With the other producers failing to emulate the West German company the sellers began to back off and the price rallied somewhat, aided further by the possibility of a strike over pay at Centromin of Peru. After registering a modest fall yesterday cash zinc ended the week £11.25 down at £494.25 a tonne.

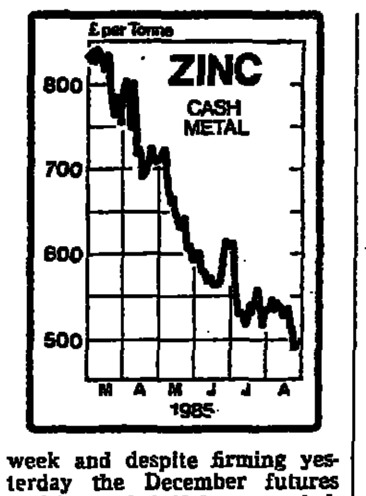
The decline in the zinc price —which is now some £350 below the peak it reached in March—reflects persistent oversupply which has grown worse since Chinese buying dried up in the spring. In spite of widespread production cuts world output has stubbornly refused to be brought into line with sagging demand. According to the International Lead and Zinc Study Group zinc consumption in the first half of this year was 3 per cent down, compared with the corresponding 1984 period, and output was 2 per cent up.

Technical supply tightness pushed the LME lead price up £8.75 to £303.75 a tonne but other base metals were relatively quiet.

Confirmation that LME warehouse stocks of copper had *climbed above the 200,000 tonnes* mark for the first time since July last year had little market impact. Despite expectations *that a further substantial stocks* rise will be announced on Monday cash higher grade copper gained £6.25 yesterday to £1,005.25 a tonne, gaining £9 on the week. Traders said yesterday's advance reflected the easier tone in sterling.

Sterling's initial decline coupled with the Nigerian coup news got the cocoa market off to a strongish start but Tuesday's gains were quickly lost as sterling firmed and concern about the Nigerian situation eased. Speculative selling pushed prices down later in the week and despite firming yesterday the December futures position ended £9 lower on balance at £1,730.50 a tone.

The coffee market also started the week on a steady note but lost ground later and was pushed sharply lower by speculative selling as news that Brazil had opened export registrations for the final quarter of 1985 took values below an established support level. The November position ended £52.50 down on the week at £1,632 a tonne.



ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	727.5-8.5	+3.75	
3 months	750-.5	+3	751/735

Official closing (am): Cash 723.4 (717.5-3.5), three months 745.5-6 (741-.5), settlement 724 (718.5). Final Kerb close: 730-50.5. Turnover: 8,800 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	9087-91	−2	9086
3 months	9052-5	—	—

Official closing (am): Cash 9,065-6 (9,065-6), three months 9,052-5 (9,050-5), settlement 9,066 (9,066).

INDICES

FINANCIAL TIMES

Aug. 29	Aug. 28	M'th ago	Year ago
249.48	250.19	259.66	294.56

(Base: July 1 1952 = 100)

REUTERS

Aug. 30	Aug. 29	M'th ago	Year ago
1696.1	1693.1	1694.8	1867.8

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. 22	Aug. 21	Month ago	Year ago
Spot	115.17	115.42	—	130.69
Fut.	114.06	114.81	—	128.43

(Base: December 31 1974 = 100)

RUBBER

PHYSICALS—The London market opened unchanged, moved narrowly throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers) spot 61.25p (61.00p). October 57.00p (56.75p). November 57.00p (56.75p). The Kuala Lumpur fob price for RSS No 1 was 182.5 (same) cents a kg and for SMR 20 was 146.0 (146.5).

SUGAR

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	128.4-128.8	128.0-128.5	129.2-125.2
Dec	131.6-132.0	131.0-132.6	132.2-129.6
Mar	138.4-138.6	138.2-138.4	139.8-135.6

AMERICAN MARKETS

PRECIOUS metals were mixed with shortcovering noted ahead of the long weekend limiting reaction to the firm dollar, reports Heinold Commodities. Copper steadied in response to an anticipated pick up in demand. Light pressure developed on sugar from evening up by trade along with long liquidation ahead September expiration. Cocoa was steady awaiting fresh cash news. Coffee firmed on shortcovering and scattered roaster buying. Cotton came under pressure on indications Hurricane Elena might not affect the major cotton-growing areas and put pressure on cotton values. The energy complex traded firm on continuing concern over low stocks of heating oil.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4430	4435	4420	4425
Oct	4475	—	—	4470
Dec	4565	4560	4545	4550
Jan	4595	—	—	4590
March	4685	4665	4665	4660
May	4735	—	—	4740
July	4805	—	—	4810
Sept	4875	—	—	4880

CHICAGO

MARKET REPORT

Equity markets finish the week with a flourish

FT index gains 54.4 on account

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets maintained their upward momentum as the three week bank holiday Account drew to a close yesterday. Interest throughout the sectors was rather patchy, but occasional institutional demand was reported for selected leading issues. Government stocks, in contrast, remained extremely quiet.

Oil shares led equities higher following the good Press reception given to the half-yearly figures from British Petroleum, which gained 17 more to 587p. Other Oils recorded rises extending to 14 and sometimes more. Store shares traded on a reasonably brisk and firm note.

Speculative activity appeared to wane a little, but some of the current bid candidates such as Distillers, Lucas and Thorn EMI continued to attract attention. British Home Stores were also noteworthy for a late upward flurry accompanied by various vague rumours. British Aerospace, theonly major company to report yesterday, advanced 15 to 378p in response to the half-yearly figures.

The final tone was fully firm, with most blue chips edging higher after the 3.30 pm close when dealings are permitted without penalty for the new Account which commences on Monday. Reflecting the advance, the Financial Times Ordinary share index posted a further gain of 10 points at 1,013.9 making a rise of 54.4 on the Account.

The week's steady flow of takeovers was rounded off by an offer for Somportex.

Activity in the Gilt-edged sector was confined to routine trading and most quotations rarely strayed from previous closing levels. The announcement of fresh Government funding amounting to £250m after the official close via the issue of two further tranches of specialists stocks, £100m of Treasury 3 per cent 1989 and £150m of Treasury 3 per cent 1990, made little impact on sentiment.

Banks improve

The major clearing banks, dull earlier in the week on revived worries about international debt, staged a useful rally and closed with double-figure improvements. **Barclays** rose 12 to 394p, as did **Lloyds**, to 437p. **NatWest** gained 10 to 667p and **Midland** appreciated 8 to 400p. Hire Purchase issues encountered light profit-taking in the wake of Thursday's good performance which stemmed from Cattles' good results. **Cattles** softened a fraction to 34½p and **Provident Financial** lost the turn at 242p. **Wagon Finance**, however, remained a firm market and added a penny more to a 1985 peak of 84p.

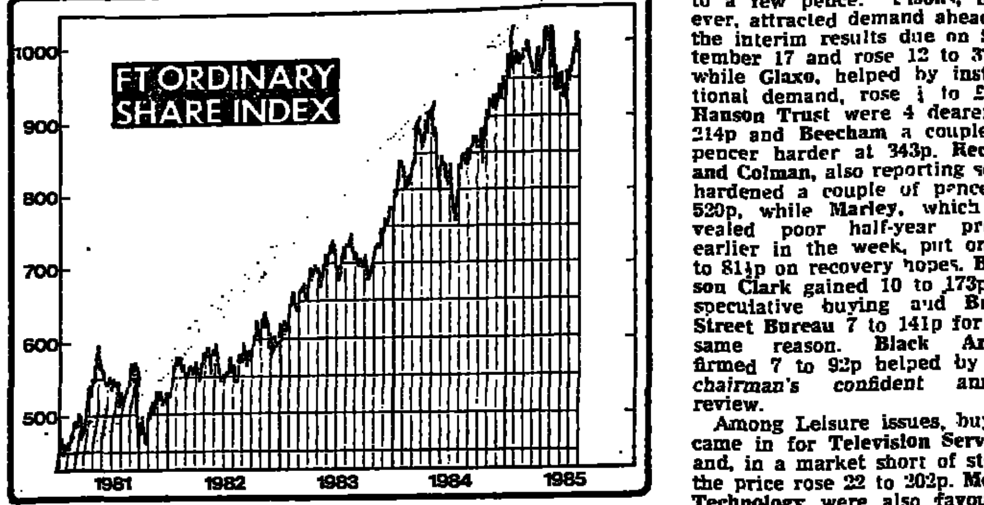
Composite Insurances finished with small irregular movements following a quiet trade. The undertone among Lloyds brokers remained firm. **Willis Faber** hardened 5 to 692p ahead of the interim results due on September 10, while similar gains were seen in **Sedgwick**, 398p, and **Hogg Robinson**, 290p. **Derek Bryant** firmed 5 to 305p in reply to the good interim results and confident statement.

Demand for Breweries extended well into the after-hours business. **Bass** advanced 8 more to 575p, while **Allied-Lyons**, still surrounded by vague takeover chatter, improved 7 for a week's rise of 14 at 240p. **Guinness** also rose 7, to 266p, helped by the surprise news that Mr Raymond Miquel is to remain as full-time chairman and chief executive of Arthur Bell. Regionals mirrored the leaders with Sunderland-based **Vaux** 10 up at 350p, and **Greene King** 6 to the good at 216p. **Distillers**, easier initially, responded to revived bid speculation and closed 9 higher on balance at a new peak of 360p.

After Thursday's rise of 32, **Blue Circle** reacted to 507p prior to closing a net 10 off at 513p on second thoughts about the interim profits. Other leading Buildings remained cautious with sentiment still affected by the disappointing results announced by **AMEC** and **Taylor Woodrow** earlier in th week. **AMEC** slipped 3 to 237p for a four-day loss of 19. **Alfred McAlpine**, a firm market recently awaiting news of a South African transaction, slipped to 264p prior to closing unchanged at 268p following the announcement that the South African subsidiary had been sold to Trans-Natal Coal Corporation for about £19½m. Elsewhere, **Higgs and Hill** edged up 3 more to 408p, but **A. Monk** remained on offer at 116p, down 4. **Ibstock Johnsen** found support at 164p, up 4, while **Thomas Warrington** attracted speculative demand and gained 7 to 90p.

ICI revived strongly on the appearance of institutional buyers and closed 17 higher at the day's best level of 674p. Among other Chemicals, **Allida** rose 15 for a two-day gain of 48 to 312p in response to the excellent interim results and encouraging statement.

Already a few pence firmer throughout the session, leading Stores attracted substantial interest after-hours and often displayed sizeable gains. **British Home** were to the fore, rising 9 to 299p amid vague takeover talk; Imperial Group, Allied-Lyons and J. Sainsbury were all suggested as possible suitors. **Woolworth**, 478p, and **Gussies A**, 805p, rose 8 apiece, while **Marks and Spencer**, dull earlier in the week following cautious comment, rallied 3 to 153p. Buyers again showed enthusiasm for **Dixons** which advanced 18 more to a new peak of 302p, while late support was forthcoming for **J. Hepworth**, a few pence up at 234p. **Church**, however, dipped 10 to 310p following the interim statement.



Plessey dull

Leading Electricals were decidedly mixed. **British Telecom** rose 5 to 207p and **Cable and Wireless** closed 12 higher at 597p. **Thorn EMI** were again the subject of speculative demand and finished 10 higher at 419p for a gain on the week of 43. In sharp contrast, **Plessey**, main contractor to the Rockwell-led Ptarmigan communications system, gave up 8 to 142p amid strong rumours that the U.S. military will plump for the rival French Rita system. **MK Electric** closed 15 higher at 285p on consideration of the bid for Friedland Doggart. Fresh demand in restricted markets prompted similar rises in **Micro Business Systems**, 80p, **Microfilm Reprographics**, 395p, and **Northamber**, 182p. **Cambridge Electronic**, however, continued to give ground in the wake of the cautious interim statement and fell 8 for a two-day decline of 25 to 285p.

Interest in the Engineering sector was mainly confined to the second-line issues but **TI** picked up late to close a further 8 better at 382p amid talk of imminent bid developments. Takeover rumours also produced another strong performance by **Porter Chadburn** which advanced 8 more to 208p—a week's rise of 48—while further consideration of the interim figures boosted **James Neill** 5 more to 157p. **ML Holdings** jumped 16 to 310p on speculative support, as did **Jones and Shipman**, 5 up at 76p. Rumours that **Babcock International** had sold a substantial holding in **Davy International** helped the latter improve 2 to 115p and the former edge up 3 more to 150p.

The Food sector displayed numerous bright spots. **Cadbury Schweppes** firmed 3 to 151p on buying ahead of next Thursday's interim results, while recently-overlooked **Rowntree Mackintosh** revived with a gain of 7 at 395p. **Tate and Lyle** rose 10 to 480p and **Northern Foods** 6 to a 1985 peak of 272p. Among Retailers, recently-dull **Argyll** rallied 3 to 313p, but **Associated Dairies** remained on offer in the wake of the disappointing annual results and reacted to 132p prior to closing a couple of pence cheaper at 136p, a two-day loss of 10. Elsewhere, **Somportex** more than doubled in price to 57p before closing a net 24 up at 51p following the acquisition by Messrs Nigel Wray and Clive Mattock of 52.35 per cent of the equity at 28½p per share and a cash offer at that price to acquire the minority.

Among Hotels, **Grand Metropolitan** improved steadily and finished 5 dearer at 338p. **Ladbroke**, up 2 more at 299p, after 300p, continued to reflect the excellent half-timer and confident statement.

Br. Aerospace feature

Attention in the miscellaneous industrial sector was focussed on **British Aerospace**; boosted initially by satisfactory interim profits and a cautiously optimistic statement, the shares moved further ahead in the wake of bullish reports emanating from the meeting with analysts held later and the final quote was up 15 at the day's best level of 378p; the new shares touched 203p prior to closing a net 13 higher at 198p. Other leading industrial issues traded firmly, but gains were generally limited to a few pence. **Fisons**, however, attracted demand ahead of the interim results due on September 17 and rose 12 to 375p, while **Glaxo**, helped by institutional demand, rose ¼ to £13½. **Hanson Trust** were 4 dearer at 214p and **Beecham** a couple of pence harder at 343p. **Reckitt and Colman**, also reporting soon, hardened a couple of pence to 520p, while **Marley**, which revealed poor half-year profits earlier in the week, put on 4½ to 81½p on recovery hopes. **Beatson Clark** gained 10 to 173p on speculative buying and **Brook Street Bureau** 7 to 141p for the same reason. **Black Arrow** firmed 7 to 92p helped by the chairman's confident annual review.

Among Leisure issues, buyers came in for **Television Services** and, in a market short of stock, the price rose 22 to 202p. **Media Technology** were also favoured at 183p, up 13. **Medminster** put on 6 to 178p on speculative buying, while recently-dull **Entertainment Products** gained 5 to 16p. In sharp contrast, **Riley Leisure** came under selling pressure on rumours of financial difficulties and shed 5 to 38p, after 37p.

Fleet Holdings, the subject of a hostile share-exchange offer from **United Newspapers**, touched a new peak of 367p before settling 8 up on the session and 26 on the week at 364p. United eased 3 to 302p. Elsewhere, **Addison Page** attracted renewed demand in a relatively narrow market and advanced 25 to 240p, while **Good Relations** held at 195p following the resignation of deputy chairman Maureen Smith who had earlier confirmed the sale of her 11.6 per cent stake in the company.

P & O Deferred led Shippings higher, rising 5 more to 401p; the interim figures are expected next Wednesday. **Ocean Transport** advanced in sympathy and finished 13 up at 180p.

In Textiles, **Courtaulds**, a subdued market recently, attracted scattered support and finished 5 higher at 137p. **Dawson International** improved 8 to 266p, while a Press mention lifted **John Beales** 4 to 102p.

Financials were firmer where altered. **Exco International**, scheduled to announce interim figures next Tuesday, rallied 4 to 197p, while **J. J. & D. Frost**, still benefiting from the service station site agreement with FK Oil (GB), advanced 7 to 85p for a gain on the week of 12. **Majedie**, which intends to apply for investment trust status, put on 5 more to 140p—an advance of 36 over the four-day period. Revived speculative interest lifted **Britannia Arrow** 3 to 97p.

BP at 1985 high

BP were one of the equity market's best performers and raced ahead to close a net 17 higher at a year's high of 587p—a two-day gain of 29—following the favourable Press reception given to the group's second quarter results. Other leading oils followed suit with **Shell** prominent and finally a further 14 up at 725p; the latter's interim figures are expected on September 12. **Britoil** featured with a 10 rise at 225p despite news that the joint Managing Director is to leave the group almost immediately. Britoil partly paid shares were 12 to the good at 142p. **Tricentrol** continued to respond to bid talk and moved up 7 to 212p while takeover rumours also encouraged support for **Ultramar**, 5 harder at 230p. **Enterprise** edged up a few pence to 202p.

A traumatic week in South African sectors of mining markets came to a close with Golds staging a good rally following the calls by four leading South African business organisations for political changes to be introduced in the Republic along with any new economic measures introduced prior to Monday's reopening of the Johannesburg stock and foreign exchanges. Sentiment was also boosted by the acceptance by the black workers union, of the latest wage offers from the Anglo American, Rand Mines and "Johnnies" groups. However, strikes at seven gold and coal mines, controlled by Gencor, GFSA and Anglovaal are to go-ahead this weekend.

Share prices were firmer in the U.S. overnight and made good progress in London up until the late afternoon when a sudden decline in bullion encouraged a fresh wave of selling from many U.S. operators. Consequently, the majority of Golds settled well below their best levels but closing gains were sufficient to produce a 10.6 rally in the Gold Mines index to 290.7, leaving the measure 20.6 lower over the shortened week.

The Anglo American settlement with the NUM prompted renewed strength in **Vaal Reefs** which followed Thursday's late £2 rise with a similar gain yesterday to £51⅞. Among other Anglo gold mines **Southvaal** rose £1 to £21⅞, **Western Holdings** jumped ¾ to £16½ and **Western Deep** improved ⅞ to £22½.

Financials remained highly sensitive but generally managed modest overall gains. **"Amgold"** edged up ½ to £49 and **Gold Fields of South Africa** added 10 at 875p but **De Beers** lost a few pence more to a 1985 low of 306p. London-based Financials continued to reflect the strong showing by domestic equities with **RTZ** and **Consolidated Gold Fields** improving 3 apiece at 588p and 408p, respectively.

A sustained bout of profit-taking in overnight Sydney and Melbourne markets, which registered their unease over the possibility of post-budget tax changes and higher domestic interest rates, led to a drab session in Australians. Golds gave ground following the downturn in bullion with **Poseidon** 10 off at 228p, and **Central Norseman** 5 cheaper at 468p. Elsewhere in Australians **North Broken Hill** lost 5 to 121p following the reduced preliminary profits and dividend and the proposed A$118m rights issue in the ratio of one-for-five at A$1.60.

Japanese visit UK on investment mission

A MISSION of senior executives from 10 leading Japanese companies is visiting the UK from today to September 11 as part of the inward investment marketing campaign Britain Means Business.

The businessmen, from companies judged by the Department of Trade and Industry's Invest in Britain Bureau to be potential European investors in five to 10 years time, have been invited to Britain to see the advantages the UK can offer as a place in which to invest and live.

The group will see at first hand the reasons why Britain is regarded as the preferred location for inward investment in Europe and why Britain has attracted almost a third of the total value of Japanese investment in the EEC since 1951.

FINANCIAL TIMES STOCK INDICES

	Aug. 30	Aug. 29	Aug. 28	Aug. 27	Aug. 23	Aug. 22	year ago
Government Secs	83.64	83.62	83.58	83.60	83.70	83.68	79.75
Fixed Interest	88.57	88.60	88.60	88.59	88.81	88.73	83.21
Ordinary ♥	1013.9	1003.9	991.3	990.1	991.4	987.2	863.7
Gold Mines	290.7	280.1	290.4	306.8	311.3	310.1	565.4
Ord. Div. Yield	4.61	4.67	4.75	4.75	4.76	4.78	4.82
Earnings, Yld. %(full)	11.42	11.56	11.75	11.76	11.77	11.77	11.29
P/E Ratio (net) (*)	10.86	10.71	10.64	10.53	10.52	10.48	10.65
Total bargains (Est.)	24,037	21,382	20546	20,268	21,823	21,171	19,346
Equity turnover £m.	—	468.98	300.64	245.98	328.04	319.87	267.80
Equity bargains	—	23,982	17,346	18,361	18,371	20,215	18,683
Shares traded (ml)	—	213.6	151.4	123.8	174.5	168.4	164.4

♥ 10 am 1007.3. 11 am 1005.6. Noon 1007.6. 1 pm 1008.4. 2 pm 1008.4 3 pm 1009.1. 4 pm 1011.0.

Day's High 1013.9. Day's Low 1003.8.

Basis 100 Govt. Secs. 15/10/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/56. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.45.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	88.81 (25/8)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	280.1 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Aug. 29	Aug. 28
Daily Gilt Edged Bargains	131.1	112.1
Equities Bargains	155.4	112.4
Equities Value	927.7	607.7
5 day Average Gilt Edged Bargains	125.5	123.3
Equities Bargains	137.3	125.5
Equities Value	668.4	686.6

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16
Sept 23	Oct 4	Dec 19	Dec 30

For rate indications see end of Share Information Service

Money was given for the call of BSG International, STC, Benjamin Priest, Aberfoyle, Plessey, Bestwood, Allied-Lyons, Wagon Finance, Industrial Finance and Investment, Microvitec, Energy Capital, Cookson, Distillers, C. H. Bailey, British Telecom and Charles Baynes. No puts or doubles were reported.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Associated Dairies	126	− 2	Glaxo	£13½	+ 0¼
British Aerospace	378	+15	Good Relations	195	—
BP	587	+17	ICI	674	+17
Britoil	225	+10	LRC International	146	+ 2
Distillers	360	+ 9	Plessey	142	− 8
Fisons	375	+12	Shell Transport	725	+14

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Distillers	34	351	+ 7	Assoc. Dairies	13	138	− 8
Pentland Inds.	24	300	−15	Ladbroke	19	297	+10
Thorn EMI	24	409	+25	Shell Transport	18	711	+14
BP	23	570	+12	British Telecom	17	202	+ 5
Blue Circle	22	523	+32	LRC Intl.	17	144	+ 5
Glaxo	20	£13¼	+ 0¼	Lasmo	17	235	−12

4-DAY ACTIVE STOCKS

Based on bargains over the four-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Distillers	108	351	+48	Fleet Holdings	65	356	+14
BP	74	570	+25	BTR	62	353	—
Br Aerospace†	63	185	−13	Cable & Wire.	62	585	+22
Thorn EMI	67	409	+45	Glaxo	62	£13¼	+ 0½
ICI	68	657	+ 5	Pentland Inds.	58	300	− 5
Shell Transport	66	711	+28	STC	57	90	+ 4

† Partly paid.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§59	F.P.	9/8	65	58	✣ATA Selection 5p	60	......	bg1.5	2.6	3.6	16.5
180	F.P.	2/8	250	228	Abbey Life 5p	248	+2	b6.6	—	3.8	—
67	F.P.	6/9	88	69	✣Aberd'n Steak H. 5p	87	−1	ug2.2	2.0	3.6	19.7
[illegible]	F.P.	—	£20¼	£19	Alex. & Alex. c. 51	£20	......	—	—	—	—
§34	F.P.	20/9	39	35	Anglo Utd. Dev.	39	+2	bd1.05	2.1	3.8	16.0
§138	F.P.	2/8	140	130	✣Appletree 10p	135	......	b2.5	4.8	2.6	15.5
50	F.P.	12/8	50	44	Baillie G'f'd Shin Npn.	45	......	—	—	—	—
—	F.P.	10/9	18	13	Do. Warrants	18	+1	—	—	—	—
—	F.P.	—	7	6	Bardsey Pfd. Ord.	6	......	—	—	—	—
170	F.P.	22/8	192	165	Bradstock 5p	192	......	bg5.25	2.4	3.9	15.3
375	200	10/9	255	128	British Aerospace 50p	198	+13	15.65	3.1	5.2	6.9
185	100	1/10	140	117	Britoil 10p	142	+12	t13.0	3.0	8.2	6.5
[illegible]	F.P.	—	145	140	Business Mort. Tst.	142	−3	u1.51	3.9	1.5	24.3
120	F.P.	—	173	131	CAP 10p	173	+5	u1.5	4.9	1.2	22.8
§80	F.P.	27/9	89	77	✣CCA Galleries 10p	89	......	bg2.35	2.8	3.8	13.4
[illegible]	F.P.	—	48	37	✣Cannon Street Invs.	45	......	—	—	—	13.8
[illegible]	F.P.	30/8	100	93	✣CobraEmer'ldMines	93	......	—	—	—	—
§70	F.P.	—	75	70	Conrad Hldgs.	71	......	bg3.5	2.2	7.0	9.4
§115	F.P.	6/9	128	118	ControlTechniques10p	120	......	bg2.7	2.7	3.2	14.6
§51	F.P.	—	52	46	✣Dean Park Hotels	48	......	—	—	—	—
[illegible]	F.P.	5/9	110	75	Expln. Co. Louisiana	75	......	—	—	—	—
§140	F.P.	6.9	183	150	✣FKB Group 5p	183	+5	1.75	3.3	1.4	32.7
160	F.P.	26/7	130	95	First Security 10p	130	......	u3.5	2.6	3.8	12.8
Ir.97	F.P.	26/7	77	68	Green Property Ir. 25p	68	......	12.57%	1.5	3.8	25.7
[illegible]	F.P.	—	123	123	Greenwich Resources	123	......	—	—	—	—
§110	F.P.	—	112	98	✣Lewmar	105	......	u2.625	3.0	3.6	15.0
§65	F.P.	30/8	72	68	✣Lysander Pet. 5p	68	......	—	—	—	—
§44	F.P.	—	58	46	✣Micha'l J Design 2½p	58	+2	1.0	3.6	2.5	16.1
120	F.P.	25/7	115	100	Micro Scope 10p	107	......	b1.5	4.2	2.0	15.0
105	F.P.	4/9	107	87	✣Moss Advertising 5p	90	+2	bg2.45	3.0	3.9	12.4
§170	F.P.	9/8	170	155	✣Pacer Systems $0.01	145	+5	bg3.8c	—	2.1	—
§99	F.P.	9/8	135	102	✣Polypipe 10p	130	......	b3.9	2.7	3.2	16.2
150	F.P.	9/8	125	93	✣Sapphire Petm. 50p	95	......	—	—	—	—
110	F.P.	—	110	104	Tiphook 10p	107	......	u3.73	2.1	5.0	10.7
§73	F.P.	—	104	74	✣Trilion 10p	96	−4	bg1.1	4.2	1.6	17.3
110	F.P.	30/8	133	117	✣Yellowhammer 5p	132	......	bg1.6	1.4	1.7	20.3

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
87.305	£30	—	30⅞	30	Australia 9½% Ln. 2012	30⅞	......
96.456	£25	—	26¾	26⅛	Brixton Est. 10½% 1st. Mort. Deb. 2025	26¾	......
[illegible]	F.P.	—	103	100	Burton 5% Cnv. Uns. Ln. 2001	101	......
[illegible]	F.P.	—	198	157	✣Cannon St.Invs. 7.7%Cv.Cm.RdPf'94-8	165	−7
[illegible]	F.P.	—	108	106	Guinness 8¼% Cnv. Uns. Ln. 1996-2001	106	......
¶100	£10	—			Eastbourne Water 8¾% Red. Prf. 1995	13½	......
50p	F.P.	27/9	104p	91p	Hanson Tst. 5.75% Cnv. Cum. Red. Prf.	101p	−½
88.466	£30	24/1	31⅛	29⅝	Intl. Bk. for Rec & Dev. 9⅝% Ln. 2010	30⅞	......
§99.855	F.P.	16/10	100⅞	99½	Keystone Invs. 11⅝% Deb 2010/15	100¾	......
§99.026	F.P.	23/9	100½	99	Lowland Inv. 11½% Deb. 2010	100½	......
[illegible]	F.P.	16/10	103	100	Macallan-Glen. 6¼ Cnv. Uns. Ln. 2005	103	+1
90.705	£30	6/9	34⅝	29¼	Malaysia 10¼% Ln 2009	33	−⅛
—	F.P.	—	100⅛	99	Nationwide 11⅜% Bds. 11/8/86	100	+⅛
—	F.P.	—	100	99	Do. 11⅛% Bds. 1/9/86	99½	−⅛
100	F.P.	—	115	108½	Oldham Met. Borough 12¼% Rd. 2022	110	−3
[illegible]	F.P.	—	100	95	REA 9% Cum. Pref.	100	......
[illegible]	Nil	—	1ppm	1ppm	Wintrust 5¾% Cnv. Cum. Pref.	1ppm	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
90	F.P.	23/9	200	175	✣Applied Holographics 5p	195	......
180	F.P.	9/9	298	220	Bestwood 15p	296	−2
47	Nil	—	10pm	8pm	Brit. Vending 10p	10pm	+1
25	F.P.	17/9	29½	28	Brown (J. A.)	28	......
5	F.P.	11/9	7	5¼	Dares Est. B 5p	7	......
280	F.P.	13/9	342	305	Extel	340	−2
360	Nil	27/9	56pm	45pm	Forshaws Burtonwood	45pm	......
62	Nil	—	65pm	58pm	Greenwich Resources	58pm	−5
185	100	28/10	150	99	Hanson Trust	128	+1
210	F.P.	4/9	710	595	Hazlewood Foods 20p	710	+5
25	F.P.	24/9	35	28	Nolton	35	......
230	Nil	—	45pm	2pm	Oceana Dev. Inv. Tst.	2pm	......
120	F.P.	30/8	145	123	Prestwich	140	......
15	Nil		4pm	2pm	RTD Group IR 1.75p	2pm	......
400	F.P.	20/9	568	463	Siebe	550	......
425	F.P.	20/9	505	445	TACE 10p	475	−5
250	F.P.	23/9	300	285	✣Thermal Scientific	300	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, August 29, 1985.

Office Equipment	+31.96	Building Materials	+ 9.48
Insurance (Life)	+31.40	Food Retailing	+ 9.03
Telephone Networks	+30.52	All-Share Index	+ 7.93
Newspapers, Publishing	+28.45	500-Share Index	+ 7.92
Metals and Metal Forming	+26.01	Industrial Group	+ 7.30
Packaging and Paper	+24.13	Mechanical Engineering	+ 6.39
Shipping and Transport	+22.70	Health and H'sehold Products	+ 6.32
Stores	+22.42	Merchant Banks	+ 5.20
Insurance (Composite)	+19.28	Food Manufacturing	+ 4.63
Brewers and Distillers	+17.21	Investment Trusts	+ 3.46
Motors	+15.88	Property	+ 3.31
Other Groups	+14.13	Leisure	− 0.83
Other Industrial Materials	+13.34	Overseas Traders	− 3.70
Contracting, Construction	+12.23	Capital Goods	− 3.79
Insurance Brokers	+12.01	Mining Finance	− 6.54
Oils	+11.38	Chemicals	− 6.73
Financial Group	+11.75	Electricals	− 8.01
Consumer Group	+10.21	Tobaccos	− 9.12
Banks	+ 9.85	Electronics	−25.04
Textiles	+ 9.22	Gold Mines Index	−41.51

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (84)

BRITISH FUNDS (8) Treas. 3pc 1990; Treas. 15¼pc 1996; Fdg. 5¾pc '87-91; Exchqr. 13¾pc 1996; Exchqr. 13¾pc 1994; Exchqr. 15pc 1997; Treas. 12¾pc 1995; Treas. 14pc 1998-01

CORPORATION LOANS (1) B'ham 11½pc 2012

AMERICANS (1) Union Carbide

BANKS (3) Allied Irish; Wagon Finance; Bank Leumi (U.K.)

BREWERS (4) Distillers; Invergordon Dists.; Greene King; Scot. & Newcastle

BUILDINGS (6) Barratt Dvlpts.; Higgs & Hill; Cement-Roadstone; ICC; Costain; Warrington

CHEMICALS (1) Allida

STORES (6) Dixons Group; Our Price; Forminster; Woolworth; Habitat-Mothercare; Do. 8½pc Ln. 2000

ELECTRICALS (4) Chloride 7½pc Cum. Cnv. Pf; Newmark (Louis); Microfilm Reprogs.; Stone Intl.

ENGINEERING (5) BM Group; Porter Chadburn; Banro Inds.; Senior Eng.; Linread

FOODS (6) Bettys; Northern Foods; Iceland Frozen; Somportex; Matthews (B.); Unigate

INDUSTRIALS (10) Bodycote Intl.; Pentos; Bowater Inds.; Reed Executive; Johnson Gp. Clnrs.; Stat-Plus; Low & Bonar; Steetley; Parkfield; Whatham's

LEISURE (3) Anglia TV A; TVS; HTV N/V

MOTORS (3) Abbey Panels; Supra; Armstrong Eqpt.

NEWSPAPERS (1) Fleet Hldgs.

PAPER (2) Bunzl; Wace

PROPERTY (5) Brixton Estate; Macklow (A. & J.); Gable House 10¼pc Cnv Uns Ln '95-99; Slough Ests. 12¼pc Uns. Ln. 2009; Harbanger Props.

TEXTILES (3) Beales (J.); Don Bros. Buist; British Mohair

TRUSTS (10) Electra Inv.; Murray Income B; Fleming Claverhouse; SPLIT Cap.; Globe Inv.; Scottish Inv.; M. G 2nd Dual Inc; Securities Tst Scot.; Do. Cap.; TR City Lond. Dfd.

OILS (2) British Borneo; BP

NEW LOWS (29)

AMERICANS (3) American Express; Dana; Brunswick

CHEMICALS (1) Engelhard

STORES (1) Blanchards

ELECTRICALS (3) Circaprint; TDS Circuits; Scantronic

INDUSTRIALS (3) Fertil-A-Chron; Staffs. Potts. 10pc Cnv. Red. Pf.; Spear (J. W.)

MOTORS (1) Bluemel Bros.

PAPER (1) Craton Lodge

SHOES (1) Lambert Howarth

SOUTH AFRICANS (1) SASOL

TRUSTS (1) London Inv.

OILS (2) Conroy Pet Nat Res; Oliver Resources

PLANTATIONS (6) Cons Plants.; Kuala Kepong; Harrisons M'y Plts.; Moran Tea; Highland Lowlands; Williamson Tea

MINES (5) Eastern Tvl. Cons.; East Rand Cons.; Doornfontein; CRA; De Beers Dfd.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the Week Rises	On the Week Falls	On the Week Same
British Funds	17	14	76	149	97	182
Corpns. Dom. & Foreign Bonds	8	8	62	38	27	247
Industrials	342	220	808	1,182	1,009	3,680
Financial & Props.	136	46	370	429	236	1,543
Oils	28	26	71	106	79	315
Plantations	2	8	8	4	25	43
Mines	51	56	72	168	260	288
Others	89	40	116	314	205	460
Totals	673	418	1,683	2,390	1,938	6,768

S. E. DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (Coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—K

L—M

N—O

P

Q—R—S

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system: they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the three previous days is given with the relevant date.

: Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

4¼ (23/8)
Reckitt Colman 5pcPf (£1) 43. 6¼pcDb 1985-90 £85
Rexland 5pcPf (£1) 58 (23/8). 7½pcDb 1993-95 £79
Recland Fin NV Wts £204
Reed (Austin) 210 (23/8)
Reed Internatl 6¼pcDb 1987-92 £79 (28/8). 7¼pcDb 1987-92 £81¼ (23/8). Do. 1990-95 £78¼. 5½pcLn £44 (27/8). 7½pcLn £59. Do. 1996-2001 £73 ¼ ½. 10pcLn 2004-09 £89½ 90½ 1
Reed Publishing 3½pcDb 1983-88 £88¼ 4

[...]

Senior Eng Gp 9.6pcLn 1991-96 £83
Sharpe (C) (£1) 540 (27/8)
Sidlaw Gp 7½pcLn 2003-08 £64½ (27/8)
Simon Eng 9¼pcDb 1992-97 £66 (27/8)
Sirdar 7.2pcPf (£1) 58 (23/8)
Sketchley 4.2pcPf (£1) 140 (28/8)
Smith (W. H.) (Hldgs) B (10p) 47½ 8 (28/8). 5¼pcLn £42
Smiths Industs 11¼pcDb 1995-2000 £97½ (27/8)
Smurfit (J) Gp 10½pcLn 1975-95 £64½ 5 6

[...]

Thomson Organisation 4.72pc1stPf (£1) 57 (27/8). 5.83pcPf (£1) 74½ (28/8). 21.7pcPf 67½ (27/8). 7¼pcLn 1987-92 £70 (27/8)
THORN EMI 5pcLn 2004-09 £50 (27/8). 6½pcLn 1985-89 £85 (27/8). 7¼pcLn 2004-09 £72 ⊕
Tilling (T) 5.25pcPf (£1) 65½ (27/8). 8½pcLn 1989-94 £85¼ (27/8)
Tioxide Gp 11½pcLn 1991-96 £103½ (23/8)
Tomkins (F H) 9¼pcLn 1994 £184
Tootal Gp 5pcPf (£1) 43 (27/8). 4½pcDb

[...]

Guthrie 9¼pcLn 1992-97 £77 (23/8)
H.dong Estate (10p) 37 90
Hongkong (Selangor) Rubber (10p) 1500
McLeod Russel 5pcPf (£1) 31½ (27/8). 5.9pcPf (£1) 54 (27/8). 7pcLn 1986-91 £74½ (27/8)
Padang Senang Hldgs (10p) 75 (28/8)
Western Dooars Tea Hldgs (£1) 600 (27/8)

SHIPPING

Lyle 6¼pcPf (£1) 31 (28/8)

[...]

7½pc3rdPf (£1) 65
Ruberoid 10¼pcLn 1990-95 £88 (23/8)
Rugby Portland Cement 6pcLn 1993-98 £65 (28/8)
Ruston Hornsby 8pcDb 1987-92 £88½

SGB 9¼pcDb 1991-94 £870
Salts (Saltaire) 7pcPf (50p) 28 (23/8)
Salvesen (Christian) 135 6 7 8 9. 5.6pc Pf (£1) 68½ (23/8)
Samuel (H.) 4.7pcPf (£1) 54½ (28/8)
Sanderson Murray Elder (Hldgs) (50p) 630
Scapa Group 8pcLn 1988-93 £82½ (25/8)
Sears Eng Hldgs 8¼pcDb 1987-92 £83¼ 4¼
Securicor Gp 6½pcPf (£1) £16 (27/8)

[...]

Sunlight Service Gp 6¼pcPf (£1) 69½ (23/8)
Symonds Eng (5p) 14

T—U—V

TI Gp 5.8pcLn 1989-94 £66½ (23/8). 9pcLn 1989-94 £83¼
Talbot Motor 5½pcDb 1984-89 £62½ (28/8)
Tate and Lyle 6½pcPf (£1) 57½. 5½pcDb 1980-85 £99½. 7¼pcDb 1989-94 £80½. 6½pcLn 1985-90 £80½ 1 (28/8). 7½pcLn 2003-08 £71 (23/8). 13pcLn 1994-99 £162 (28/8)
Television South 10pcLn 1997 £10

[...]

APPOINTMENTS

Chairman and chief executive for Walter Lawrence

WALTER LAWRENCE has appointed Mr Brian Prichard, deputy chairman, as chairman and Mr Trevor Mawby as chief executive. Mr Prichard has been a director for 21 years. Mr Mawby, former financial director and latterly deputy group managing director, has been with Walter Lawrence since 1976. Mr John Redgrave, chairman and chief executive, has resigned, but will remain on the board until September 30 when he leaves to join The Hunting Gate Group as managing director.

*

Mr John A. Connell, senior vice-president — Europe, H. J. HEINZ COMPANY, has retired. He will continue as a non-executive director of Heinz UK. Mr Connell is succeeded by Mr J. W. Connolly, president of Heinz USA. Mr Connolly joined the Heinz law department in Pittsburgh in 1961. He served subsequently as assistant secretary; vice-president — planning and distribution with Heinz subsidiary Ore-Ida: corporate treasurer: and president of Hubinger Company, another Heinz subsidiary. He was named president and chief executive officer of Heinz USA in 1980.

*

CHEF FOODS, a subsidiary of Freshbake Foods Group, has appointed Mr Brian Inman as sales director. He joins from Tempco Union where he was distribution director.

*

Mr Brian O'Rorke has been appointed executive director of the MANAGEMENT CONSULTANTS ASSOCIATION. He succeeds the late Mr Michael Hicks Beach.

*

Mr Martin J. Hesse has been appointed to the board of DEWEY WARREN AND CO. He will be responsible for development of European reinsurance business. Dewey Warren is the wholly-owned Lloyd's broking subsidiary of Dewey Warren Holdings.

*

ARTHUR ANDERSEN & CO., has admitted to partnership from September 1 Mr Tahir Awan; Mr Michael Beverley (Leeds); Mr Kenneth Chalk, and Mr Godfrey Davis (Bristol): Mr Ian Krieger; Mr Kenneth Lever (Liverpool); Mr Martin Levitt (Manchester); Mr Victor Levy; Mr Zachary Miles; Mr Martin Thorp (Reading). Appointed as principal on September 1 is Mr David Lovett (Cardiff). Arthur Andersen & Co., management consultants, has admitted to partnership Mr John Hollis from September 1.

*

Mr Brian Gabbett has been appointed managing director of BEDLER. He was sales and marketing director. Mr John Beaven joins as the new sales and marketing director.

*

Mr W. Dennis Grove, chairman of SONOCO UK, the holding company for the T.P.T. and Capseals Groups based at Romiley, Cheshire, has decided to retire on September 30, 1985, to devote more time to wider interests. He will also retire from director and vice-president of Sonoco International, paperboard and packaging manufacturer with headquarters in South Carolina. Mr Grove will continue as a director of Sonoco UK. Mr J. Gary Caudle, chief executive, has been appointed chairman of Sonoco UK and its subsidiaries, T.P.T. and Capseals, from October 1.

*

The INSTITUTE OF MAINTENANCE AND BUILDING MANAGEMENT has appointed Mr Alfred Grevatt and Mr Kenneth Owen to the newly-created posts of director-general and director of education and development.

*

Mr T. T. Candlish will join the board of BROWN & ROOT (UK) on September 16 on his retirement as a managing director of George Wimpey & Co. At Brown & Root he will be responsible for Highlands Fabricators and assist in the company's diversification.

*

Mr Kai Tuukkanen has been appointed director responsible for group research liaison within the TIKKURILA/MACPHERSON GROUP. Tikkurila, Finland's foremost paint manufacturer, purchased the Donald Macpherson Group in 1984. Mr Tuukkanen was previously technical director at Teknos-Maalit Oy, second largest paint manufacturer in Finland.

*

Mr Nick Newman has been appointed advertisement director of HAMERVILLE, publisher of Professional Builder, Professional Electrician and Local Authority Building and Maintenance. He is also responsible for the activities of Hyperion Publishing Company.

*

HERTZ EUROPE has appointed Mr Michael J. Gardiner as staff vice-president, North American marketing. He is responsible for developing leisure and co-operative marketing programmes with industry partners from major European source markets into the United States, Canada, the Caribbean and Latin America. He will be based at Cranford, Middlesex. Mr Gardiner was vice-president sales and marketing Hertz Asia Pacific based in Melbourne and Singapore.

*

Mr Peter L. A. Noakes has been appointed executive director responsible for the newly-created syndicate department at CIBC Ltd, part of Canadian Imperial Bank Group. Mr James E. D. Buchanan has been appointed an executive director in CIBC's North American marketing group.

*

Mr G. Parrish has retired from the board of J. T. PARRISH. Mr K. Hughesdon and Mr P. Bainbridge have been appointed to the board.

*

Miss Marjorie Gass, a district health education officer who runs a joint health education unit for East and West Cumbria Health Authorities, and Mrs Caroline Waldegrave, managing director and principal of the Leith's School of Food and Wine, have been appointed members of the HEALTH EDUCATION COUNCIL.

*

BALTERLEY BATHROOMS has appointed Mr Michael Duncanson as head of bathroom products division, which will spearhead a move into perspex baths. Mr Duncanson was previously sales director of Harold Moore and Sons of Sheffield.

*

Mr K. C. Hill will join the board of E. G. CORNELIUS & CO. on September 1.

*

HYSTER EUROPE, part of the U.S.-based Hyster Company, has appointed Mr David M. Pollock as its managing director, a position vacated by Mr J. Phillip Frazier when he became president of the U.S. parent company in June. Mr Pollock joins Hyster after a spell as vice-president with the engine manufacturer Onan Corporation. Joining Hyster Europe's Basingstoke headquarters on September 1, he will preside over the company's marketing operations in Europe, Africa and the Middle East, and the running of its manufacturing plants in Scotland, N. Ireland, Eire, and Holland.

*

Mr Michael G. T. Webster has been appointed non-executive chairman of DRG from September 1. He is presently deputy chairman and has been a director since 1976. Mr John S. Camm will be relinquishing the office of chairman because of continuing ill-health, but remains a director. Mr J. Moger Woolley's recent appointment as group chief executive also takes effect from the same date.

*

Mr H. E. (Ted) Levy, formerly chief executive of the electrical division of Low & Bonar, has been appointed chairman of BONAR KARD-O-LITE INC. A U.S. company formed recently by Low & Bonar and Mr D. R. Kardon. Kard-O-Lite's prime objective is to develop a new form of electroluminescent lighting — used for the backlighting of instruments, including instrument clusters on vehicles. Mr Levy recently joined the board of the UK management company of the Low & Bonar Group with a brief to extend the activities of the group in the electronics/electrical fields. This is likely to be achieved through acquisitions, joint ventures and licensing agreements, says the company.

FINANCIAL TRUSTS

[...]

INSURANCE

[...]

INVESTMENT TRUSTS

[...]

UNIT TRUSTS

M and G Gold Gen Fund IncUnits 40

MINES—MISCELLANEOUS

[...]

MINES—SOUTH AFRICAN

[...]

OIL

[...]

PROPERTY

[...]

PLANTATIONS

[...]

UTILITIES

[...]

WATERWORKS

[...]

UNLISTED SECURITIES MARKET

[...]

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

[...]
Airship Inds 24½ 5½
Do. (1p) 24½ 6 ½
Airsprung (10p) 50¼
Allied Entertainments (£1) 119 21
Amal Metal Corp 5.4pcPf (£1) 59 ¼ (27/8)
Arsenal FC (£1) £520 30
Astra 147 9 (27/8)
Carraun (10p) 3 5½ (28/8)
Central ITV (50p) 200 3 (28/8)
Channel Hotels Props (10p) 98 100 (28/8)
Dart Valley Light Rlwys (£1) 110 5 (23/8)
Dawson (Wm) (10p) 363 6
Douglas Gas Light (£1) 125 (28/8)
Duckwari Tea Rubber Ests (10p) 28
Do. 5pcPf (£1) 60
Dundee (Angus) Ice Rk (£1) 305 15 (28/8)
Guernsey Gas Light (£1) 245
Integrated Business (5p) 115 6
Jennings Bros 193 6 (23/8)
Jersey Gas (£1) 200
Kunick Leisure (10p) 50 ¼ (28/8)
Leeds Fireclay 4pc1stDb £21 3 (25/8)
Le Riches Stores 540 2
Merrett (10p) 202 4 (23/8)
Norton Villiers Triumph (10p) 5 ½ (28/8)
Offshore Systems Eng 9½pcPf 1955 (23/8)
Do. 12½pcLn 1989-91 £95 (23/8)
Do. 14½pcLn 1985 (23/8)
Phosphor Prods (1p) £378 80 (28/8)
Rangers FC (£1) £12
Rodime (5p) 700 (27/8)
Southern Newspapers (£1) 182 4 (28/8)
South Quay Invs (£1) 125 (28/8)
Teddale Invs (10p) 7 8 (23/8)
Weetabix A 145½ 7 (23/8)

RULE 535 (4) (a)

Bargain marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Afro-West Mining 9 ⅛⊕
AOG Minerals 100⊕
Aberfoyle £51½⊕
Acmex Hldgs 70⊕ (26/8)
Adobe Oil Gas £12¼ (26/8)
Agnico-Eagle Mines £11
Aikane Exploration 7 (28/8)
Allied Stores Corp £39⅞ (28/8)
Amad 7 (28/8)
Amatil 264 (23/8)
Ampol 110
Ampol Exploration 107⊕ (27/8)
Amsterdam-Rotterdam Bk £20.10 (23/8)
Ashton Mining 55⊕
Assoc Manganese Mines SA £26¼
Atlantic Richfield £41¼ (27/8)
Basic Res Bahamas 60⊕
Bass Strait Oil Gas 7½⊕ (23/8)
Bausch Lomb US$32.05 (23/8)
Beach Pet 48 (27/8)
[...]
Searle (G D) £46¾⊕
Selangor Coconuts 73
Sharp Corp 232 5½
Siemens DM 552
Sonora Gold £4
Stirling Pet 342
Sung Hung Kai Props 118
Tandem Res 1400 5⊕ 50
Target Pet (A$0.15) 8½⊕ (27/8)
Teck Corp B £7¼
Terrex Res 20 (28/8)
Texas Oil Gas US$15¼
Thyssen DM 127 (27/8)
Tri-Continental Corp £19¼ (27/8)
Triton Energy Corp £14⅞⊕ (27/8)
Unilever NV (Fl 20) US$133.85 (27/8)
Vultan Cons 13½⊕ (28/8)
Vulcan Minerals 20 (27/8)
Walker (Hiram) Res £17
Western Res 90 (25/8)
Westport Pet 75 (26/8)
Westinghouse Electric US$35 £27¼
White Cons Inds £22 ½ (27/8)
Williams £22¼ (23/8)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(None)

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[...]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	63.7	67.8	+0.5	3.37
Accum Units	94.3	100.3	+0.8	3.37
Pearl Inc.	90.4	96.2	+1.0	4.93
Pearl Unit Tst.	94.3	100.3	+1.0	4.07
(Accum. Units)	159.3	169.5	+1.6	4.07

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	185.6	197.7	+1.4	1.52
Income	140.7	150.7	+0.7	5.34
Worldwide Recovery	105.3	113.0	+2.1	2.15
American Growth	56.6	60.8	+0.8	0.70
Intl. Emerging Cos	59.0	65.3	+0.3	0.74
Far East Growth Fd	46.3	49.7	—	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	100.9	108.1	+1.0	0.30
Prolific Extra Inc	62.2	66.2	+0.3	6.18
Prolific Gilt Cap	84.1	87.5	+0.5	3.13
Prolific High Inc	132.1	140.3	+0.7	5.33
Prolific Intl	82.1	88.0	+0.3	1.78
Prolific N. Amer.	115.1	123.3	+0.5	2.51
Prolific Spec. Sits	142.2	151.3	+0.1	1.47
Prolific Technology	98.6	105.6	+0.1	0.97

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.8	51.7	—	—
Worldwide	47.3	50.1xd	+0.4	2.79
European Trust	50.5	53.5	—	2.15
North American	48.1	50.9	+0.3	2.02
UK Equity	50.3	53.3	+0.5	3.95

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Holborn Equity Tst	328.4	349.3	+4.3	3.57
Holborn Gilt Tst	155.6	162.4	+0.3	7.26
Holborn High Inc	55.9	59.4	+0.3	6.83
Holborn Intl	60.4	64.2xd	+0.3	0.55
Holborn UK Growth	64.4	68.5xd	+0.7	3.37

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	323.9	344.6	+1.1	3.72
Quadrant Income	178.6	190.1	+2.3	5.94
Quadrant Intl. Fund	288.2	303.4	—	1.57
Quadrant Recovery	202.2	215.2	+1.8	2.67

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NY 01-628 6011

Wellington Inc	50.3	53.6	—	6.00
Wellington Growth	104.7	111.4	—	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	134.9	142.6	+1.3	4.87
Reliance Unit Tst (Inc)	85.8	91.7	+0.4	5.05
Reliance Ut Tst (Acc)	110.7	118.3	+0.6	5.05

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

Income UT	90.1	96.3	+1.1	6.91
International UT	214.4	229.3	-0.9	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

NC America (Inc)	220.9	232.5xd	+0.9	1.44
NC America (Acc)	236.7	249.1xd	+0.8	1.44
NC Engy Res. Tst.	157.6	165.8	+0.2	2.48
NC Inc Fd.	69.5	73.1	+0.7	4.88
NC Japan Fund	102.0	107.3	+0.9	0.02
NC Smaller Cos	109.7	115.4xd	-0.1	2.04
NC Smaller European	106.7	112.3	+0.4	0.78
NC Exempt Gilt Tst*	£120.0	125	—	10.74
NC American Prop*	$11.21	11.80xd	—	—
NC Prop.*	178.0	196.0	—	—

*Unauthorised Unit Trusts.

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. 01-606 1066

American Aug 29	189.5	193.5	—	1.56
Securities Aug 27	551.0xd	566.0xd	—	2.97
High Yield Aug 30	133.5	137.0	+7.5	5.73
Merlin Aug 28	272.5	280.5xd	—	2.12
Fixed Interest	153.5	154.5	—	2.78
High Interest	120.5	121.5	—	12.25
Far East Aug 27	117.5	121.0	—	1.14

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS. 051-227 4422

Equity Trust	48.9	52.0	+0.7	3.15
International Trust	53.1	56.4xd	+0.3	1.75
United States Trust	26.1	27.7xd	-0.1	2.00
Pacific Basin	23.8	25.3	+0.1	0.76
Gilt Trust	25.5	26.8	—	7.91

Royal London Unit Tst Mgrs Ltd
Ryl. Ldn Hse., Colchester, CO1 1RA 0206 576115

American Grwth	69.5	74.0xd	+0.1	1.16
Capital Accum	144.1	153.4	+1.3	3.26
Gilt Income	50.9	53.6	—	9.49
High Income	57.5	61.2xd	+0.4	6.84
Income & Growth	68.0	73.3xd	+0.6	5.15
Japan Growth	48.6	51.8	+0.1	0.10
Special Sits	79.9	85.0	+0.7	2.02

Royal Trust Can. Fd. Mgt. Ltd.
48-50, Cannon St, London EC4N 6LD. 01-236 6044

Capital Fund Aug 30	143.4	153.4	+2.2	—
Income Fund Aug 30	123.5	132.9	+6.6	6.5
Intl Exempt* Aug 30	£21.26	22.04	+0.53	2.80

*Unauthorised

SKG Management Limited
20 Copthall Ave, EC2R 7JS. 01-600 7595

Gilt Acc.	108.0	112.5	—	3.60
Do. Dist.	104.3	108.6	—	3.60
Inc & Grth In Rinus	127.3	135.4	—	2.90
Do. Accum.	127.3	135.4	—	2.90

Save & Prosper Group
28, Western Rd., Romford, RM1 3LB.
68-73 Queen St, Edinburgh EH2 4NX.
(Romford) 0708-66966 or (Edin.) 031-226 7351

Amer Inc & Grwth Fd (z)	60.6	64.8	+0.2	8.40
Capital	80.8	86.4	+0.8	2.54
Commodity	49.7	53.1xd	-0.4	2.91
Energy Inds	50.4	53.8	+0.5	2.68
European (z)	59.8	63.9	—	1.08
Exempt Income*	59.5	62.7xd	—	6.44
Exempt Intl*	51.4	54.2	—	3.28
Exploration Fund (z)	37.9	40.5	+0.2	0.83
Financial Secs	72.2	77.2	+0.4	2.70
Gilt & Fxd Int Grth	76.1	76.9	—	3.26
Gilt & Fxd Int Inc	53.2	56.0	—	11.05
High Return	136.3	145.7	+1.3	6.01
High-Yield	123.9	131.9	+2.2	5.58
Income	76.1	81.0xd	+1.8	6.95
Intl Bond Fd (z)	88.8	94.4	+0.1	5.69
ITU	67.7	72.4	+0.3	3.37
Japan (z)	46.4	49.4	+0.2	—
Japan Smaller (z)	66.1	70.6	—	—
New Technology (z)	79.6	85.1	—	—
Scotbits	98.5	105.3xd	+0.5	3.74
Scotshares	130.9	140.0	+1.4	4.31
Scotyields	118.1	125.7	-1.8	4.84
Select International	57.4	61.3	+0.5	2.83
Smaller Cos Inc Fd	117.0	124.6	+0.6	5.18
SE Asia (z)	93.2	99.6	+0.4	3.01
Special Situation Fd	75.9	81.1	+0.6	2.64
UK Equity	139.3	148.9xd	+1.7	3.09
U.S. (z)	59.4	63.2	+0.2	0.63
Univ Growth	62.1	66.4	+0.6	3.49

*Prices on August 28

Schroder Unit Trust Managers Ltd.
Enterprise House, Portsmouth. 0705 827733

America	105.1	112.0	—	1.70
(Accum Units)	106.5	113.5	—	1.69
Australian	57.9	62.3xd	+0.6	1.35
(Accum Units)	61.8	66.5	+0.6	1.35
European	65.9	70.2	+0.1	1.63
(Accum Units)	66.9	71.3	+0.1	1.61
Extra Income Fd	49.4	52.6	—	8.05
(Accum Units)	49.7	52.9	—	7.90
Gilt	52.3	55.1xd	—	10.89
(Accum Units)	75.3	79.4	—	10.89
Gold Fund Inc	33.4	35.6	-0.3	3.62
(Accum Units)	34.4	36.6	-0.3	3.65
Income	129.0	137.5	—	5.83
(Accum Units)	277.1	295.4	—	5.81
Intnl.	78.0	83.1	+0.1	1.22
(Acc. Units)	107.2	114.2	+0.1	1.22
Jap. Smaller Cos	65.7	70.0	+0.2	0.1
Singapore	52.1	55.5	+0.6	0.85
(Accum Units)	52.8	56.2	+0.5	0.85
Smaller Co's	100.8	107.4	—	1.83
(Accum Units)	104.7	111.6	—	1.82
Special Sits. Fd	80.8	86.1	+0.2	1.57
(Accum. Units)	83.0	88.4	+0.1	1.56
Tokyo Inc	104.0	110.8xd	+0.2	0.40
(Accum Units)	104.8	111.7	+0.3	0.40
U.S. Smaller Cos. Fd	47.0	50.4	+0.4	0.28
UK Equity	80.5	85.8	+0.5	3.47
(Accum. Units)	122.3	130.3	+1.5	3.42
*Pens. & Charity Fund	459.2	489.5xd	—	4.14
*Recovery	577.3	615.9xd	—	3.02
*Spec Ext	89.9	95.2xd	—	2.11

*For tax exempt funds only. †After 10 for 1 Sub-Division.

Scottish Equitable Fund Mgrs. Ltd.
31 St Andrews Sq, Edinburgh 031-556 9101

Income Units	118.5	126.1	—	3.76
Accum. Units	171.2	182.1	—	3.76

Dealing day Wednesday.

Scottish Life Investments
19 St Andrew Sq, Edinburgh 031-225 2211

UK Equity	131.6	140.0	+1.3	2.49
American	129.9	137.5	+0.5	1.49
Pacific	94.9	101.5	+0.3	0.10
European	127.6	136.3	+1.3	1.26

Scottish Mutual Investment Managers Ltd.
109 St. Vincent St, Glasgow G2 5HN. 041-248 6100

European	105.0	111.7	+0.2	1.13
Gilts & Fixed Int.	104.4	111.1	—	9.20
North American	87.1	92.7	+0.4	1.36
Pacific	91.7	97.7	—	0.4
UK Equity	132.9	141.4	+1.2	2.82
UK Smlr. Cos. Equity	108.3	115.2	+0.6	2.26

Scottish Provident Inv. Mgt. Ltd.
6 St Andrew Sq, Edinburgh 2. 031-556 9181

Equity Acc.	133.3	142.4	+1.4	3.54
International Acc.	117.7	125.9	+0.6	1.29
Gilt & Fxd Int Acc.	111.1	118.8	—	9.12
Index-Lkd Secs Acc	103.4	110.5	—	2.11

Scottish Unit Managers
29 Charlotte Sq, Edinburgh. 031-226 4372

Pacific Fund (z)	31.6	33.8	+0.1	—
World Growth	27.5	29.5	+0.1	0.79
North American (z)	31.3	33.5	+0.2	0.75
Income Fund	33.8	36.2xd	+0.3	5.84
European (z)	24.5	26.3	—	1.24
Nth American Inc (z)	23.3	25.0	+0.1	4.03
UK Growth	25.5	27.3	+0.1	2.84
Extra Income	25.5	27.3	+0.4	6.97

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU. 031-655 6000

Pen Eq Acc Aug 30	203.9	217.0	+1.7	3.97

Standard Life Trust Mgmt. Ltd.
3, George St., Edinburgh, EH2 2XZ. 031 225 2552

Income Units	199.2	213.5	+3.1	3.44
Accum. Units	214.7	230.1	+3.3	3.44

Stewart Ivory Unit Trust Mgrs Ltd.(a)
45, Charlotte Sq, Edinburgh. 031-226 3271

American Fund	183.4	195.3	+0.7	0.81
(Accum. Units)	202.1	215.2	+0.8	0.81
(Withdrawal Units)	133.9	142.6	+0.5	0.81
Australian Fund	103.6	110.4	-1.1	1.13
British Fund*	455.5	485.3	—	4.70
(Accum. Units)	594.6	633.4	—	4.73
European Fund	174.6	185.9	+1.7	0.98
Japan Fund	174.6	186.0	+1.9	0.52
Saints PPP	128.9	135.6	—	—

Deal. *Wed.

Sun Alliance Fund Management Ltd.
Sun Alliance Hse, Horsham. 0403 56293

Equity Tst	315.8	335.9	+3.5	2.64
North America	44.4	47.2	+0.1	1.69
Far East	49.0	52.1	+0.3	0.74

Sun Life Trust Mgmt. Ltd.
107 Cheapside, EC2V 6DU. 01-606 6010

American Growth Acc.	22.5	24.0	+0.2	2.1
American Income Acc.	21.8	23.2	+0.1	5.4
American Income Inc.	21.8	23.2	+0.1	5.4
European Growth Acc.	26.9	28.6	+0.2	3.1
Far East Growth Acc.	24.6	26.1	+0.2	1.0
Int. Growth Acc.	23.3	24.8	—	1.0
Japan Growth Acc.	26.8	28.5	+0.3	0.4
UK Growth Acc.	26.1	27.7	+0.1	2.7
UK Income Acc.	25.3	27.0	+0.4	4.6
UK Income Inc.	25.3	27.0	+0.4	4.6

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. 0732 450161

Equity Dist.*	215.6	229.1	—	4.09
Equity Acc.*	256.0	270.8	—	4.09
Fixed Int. Dist.†	116.7	120.9	—	11.19
Fixed Int. Acc.†	164.7	170.6	—	11.19

*Prices on Aug 14. Next dealing September 11. †Prices on Aug 7. Next dealing September 4.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants. SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	90.5	96.3xd	+0.4	1.51
Do. Accum.	94.2	100.3	+0.4	1.51
TSB Extra Income	83.0	88.4xd	+0.4	6.45
Do. Accum.	95.5	101.7	+0.4	6.45
TSB General	121.4	129.1xd	+1.4	3.36
Do. Accum.	196.6	209.1	+2.2	3.36
TSB Gilt & Fxd Int.	47.2	49.2xd	-0.1	9.41
Do. Accum.	58.1	60.6	—	9.39
TSB Income	166.2	176.9	+1.6	4.98
Do. Accum.	250.6	266.7	+2.4	4.98
TSB Pacific	100.2	106.7	+0.2	0.62
Do. Accum.	102.8	109.4	+0.2	0.62
TSB International	226.9	239.3	+1.2	1.88
Do. Accum.	279.2	291.3	+1.5	1.88
TSB Natural Resources	44.6	47.5	-0.5	2.12
Do. Accum.	45.0	47.9	-0.4	2.12
TSB Sktd. Opps.	47.3	50.4	+0.2	2.44
Do. Accum.	50.9	54.2	+0.3	2.44

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury. Bucks Aylesbury (0296) 5941

Small Co's Fund	65.3	69.8	—	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	65.3	69.8	+1.0	0.27
Australia	29.6	31.6	—	0.10
Commodity	87.4	94.0	+0.5	1.99
Energy	41.0	43.8xd	+1.0	0.31
Equity	100.9	107.6	+1.0	3.79
European Spec. Sits	55.0	58.8	+0.5	0.62
Extra Income	90.4	96.7xd	+0.7	8.41
Financial	208.8	222.7	+1.0	2.56
Gilt Capital	223.1	233.6	+0.1	3.25
Gilt Income	100.8	105.5xd	—	8.61
Gold Income	61.1	65.3	+0.8	1.80
Gold Acc.	110.2	117.9	+1.3	1.80
Income	60.9	65.5xd	+0.4	4.74
Japan	44.0	46.9xd	+0.2	0.10
Malaysia & Singapore	22.1	23.6	+0.1	0.68
Pacific Income	60.9	65.1xd	—	0.52
Pacific Re Inv	74.6	79.8	—	0.52
Preference Share	15.8	17.1xd	—	10.18
Professional	490.6	523.3xd	+2.6	2.10
Special Sits	80.3	85.9xd	+0.1	1.16
Technology	40.9	43.7	—	0.10
U.S. Special Bond	49.4	52.8	+0.3	6.40
Worldwide Capital	108.9	116.2xd	+0.7	1.81
Equity Exempt July 30	632.2	674.3	—	2.43
Equity Ex Acc July 30	1,161.9	1,239.4	—	2.43

Temple Bar Unit Trust Mgrs Ltd
P.O. Box 442, 32 St Mary-at-Hill, EC3. 01-623 9333

Electra Small Cos. Fd.	129.96	130.78	+6.98	4.16
High Income	41.7	44.7xd	+0.1	7.21
North American	101.3	107.8	+0.5	0.98
Recovery	125.6	133.6	+0.8	3.78
Gilt Trust	37.9	39.3xd	—	9.59
St Vincent U.S. Grwth	63.5	66.2xd	+0.6	1.02
St. Vincent High Inc	66.4	68.5xd	+0.6	6.54

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	27.7	29.8	-0.2	0.26
TR General Growth	41.5	44.7	+0.5	2.93
TR Global Tech	27.8	29.7	+0.1	0.1
TR Income Growth	45.9	49.4	+0.6	5.18
TR Income Monthly	39.1	41.6xd	+0.3	7.58
TR Overseas Growth	31.5	33.5	-0.1	1.73
TR Smaller Cos	42.5	45.3	—	1.84
TR Special Ops	43.0	46.3xd	+0.3	1.13

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

TUUT Aug. 1	125.4	132.1	—	3.95

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Colmton Aug 30	368.0	384.8	+3.4	4.45
(Accum. Units)	587.6	614.4	+5.4	4.45
Fielding Fd Aug 22	194.0	208.5	—	3.58
(Accum. Units)	210.7	226.3	—	3.58
Fielding Inc Aug 22	134.5	141.6	—	5.28
Fldng Am&Gen Aug 22	193.0	203.2xd	—	1.52
(Accum. Units)	216.9	228.4	—	1.52
S&W American Aug 28	129.0	135.8	—	1.99
S&W Smlr Secs Aug 28	96.5	101.6	—	1.07

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 732241

Australian Securities	63.1	67.5	-0.9	0.87
(Accum. Units)	64.9	69.5	-0.8	0.87
Capital	266.6	282.8xd	+3.1	4.18
(Accum. Units)	463.9	492.0	+5.2	4.18
Exempt	221.3	235.7xd	+1.6	7.36
(Accum. Units)	486.3	517.9	+3.4	7.36
Far Eastern	121.1	128.9xd	-1.0	1.13
(Accum. Units)	119.1	127.4	—	1.13
Fin & Prop.	41.4	44.1	—	4.12
(Accum. Units)	63.7	67.9	+0.1	4.12
Gilt Capital Trust	117.5	122.2	—	6.95
(Accum. Units)	128.7	133.8	—	6.95
Gilt Income	106.2	110.2	—	9.95
(Accum. Units)	160.1	166.1	—	9.95
High Yield	40.8	43.9	+0.3	7.34
(Accum. Units)	84.8	90.4	+0.8	7.34
Income	175.4	186.1	+1.2	6.69
(Accum Units)	517.9	549.3	+3.5	6.69
Int. Earn.	127.1	135.4	+1.1	3.51
(Accum. Units)	180.3	192.1	+1.6	3.51
International Growth	56.6	60.3	—	1.30
(Accum. Units)	58.0	61.8	+0.1	1.30
Japan Growth (Acc)	56.2	60.2	+0.5	0.20
Natural Resources	180.2	192.0	-0.2	1.92
(Accum Units)	255.8	272.5	-0.3	1.92
Nth Amer Grth	104.9	112.2xd	+0.5	1.46
(Accum Units)	120.1	128.9	+0.5	1.46
Pref	108.6	115.7	+0.1	11.38
(Accum Units)	258.5	275.3	+0.1	11.38
Smaller Cos.	144.8	154.3xd	-0.4	2.98
(Accum Units)	191.3	203.8	-0.5	2.98
Smaller Cos. Div.	44.8	47.8	+0.1	7.14
(Accum Units)	49.4	52.7	+0.2	7.14
Special Sits	84.4	89.9	+0.4	2.69
(Accum Units)	86.7	92.4	+0.3	2.69
European Growth	56.6	60.3	+0.2	1.81

Unit Trust Account & Mgmt. Ltd.
Regis Hse, King William St, EC4R 9R. 01-623 4951

Friars Hse. Cap. Fd.	101.9	108.5	—	2.30

Vanguard Trust Managers Ltd.
Bath Hse, London, EC1A 2EU. 01-236 3053

American & Gen Aug 27	46.3	49.3	—	3.08
Growth Aug 27	131.7	138.0xd	—	3.39
(Accum Units)	190.6	199.6	—	3.39
High Yield Aug 27	146.9	154.6xd	—	5.76
Special Sits Aug 28	280.6	295.3	—	3.61
Trustee Aug 21	99.8	105.0	—	4.30
(Accum Units)	146.5	154.2	—	4.30

Wardley Unit Trust Managers Ltd (a)
Wardley Hse, 7 Devonshire Sq, EC2. 01-626 4411

American Tst.	57.5	61.9	+0.3	2.1
Far East & Gn. Tst.	60.3	64.1xd	+0.3	1.4
Natural Resources	44.2	47.0	+0.1	3.0
Income Tst.	63.1	67.9	+0.5	6.9
Japan Growth Tst	59.3	63.8	+0.5	0.2
Smaller Cos. Tst.	113.5	122.1	+0.7	1.9
Tchnlgy. Tst.	27.2	29.2	+0.1	0.2
Australia Trust	37.7	40.5	—	1.4
UK Trust	97.9	104.2	+2.1	2.8
European Growth Tst	27.3	29.1	+0.2	1.5
Hong Kong Tst	22.3	23.8	+0.1	2.0

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh. 031-225 1551

Australasian Gold	21.9	23.4	+0.2	0.10
Pacific Basin Energy	18.8	20.1	-0.1	0.10
Canadian Balcd Grwth	46.3	49.5	+0.4	3.0

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol, BS2 8SS. 0272 428431

British Growth	52.0	55.1	—	3.0
British Income	50.6	53.6	—	5.9

Whittingdale Unit Trust Managers
2 Honey Lane, EC2V 8BT. 01-606 9085/6

Short Dtd Gilt Fd	58.3	59.2	—	1.44

Wright Seligman Fund Managers Ltd.
11, Blomfield St., London, EC2M 7AY. 01-588 0592

Growth Fund	54.2	57.2xd	—	1.40

Weekly dealing day Tuesday.

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93, Cardiff CF1 4NW. 0222 35542

AA Friendly Sy Aug 9	83.9	83.9	—	—

Abbey Life Assurance Co. Ltd.
80, Holdenhurst Road, Bournemouth, 0202 292373

Prop. Ser. 1	210.2	221.3	—	—
Equity Ser. 1	84.7	89.2	+1.0	—
Prop. Acc. Ser 2	272.3	286.7	—	—
Equity Acc. Ser. 2	90.0	94.8	+1.2	—
Selective Acc.	210.7	221.8	+1.3	—
Money Series 3	203.5	214.3	—	—
Conv. Ser. 3	218.4	229.9	—	—
Prop. Ser. 4	214.6	225.9	—	—
Equity Ser. 4	94.9	99.9	+1.1	—
Fixed Int. Ser. 4	172.5	181.6	+0.2	—
Indexed Inv. Ser. 4	109.7	115.5	—	—
American Ser. 4	227.9	239.9	+0.7	—
High Inc. Ser. 4	225.3	237.2	+1.9	—
Japan Ser. 4	159.6	168.0	+1.0	—
Man. Ser. 4	296.4	312.1	+1.8	—
Money Ser. 4	183.2	192.9	—	—
Convertible Ser. 4	183.5	193.0	—	—
Property Ser 4 Cap	145.3	153.0	—	—
Equity Ser 4 Cap	64.1	67.5	+0.7	—
Managed Ser 4 Cap	202.0	212.7	+1.1	—
Money Ser. 4 Cap.	125.1	131.7	—	—
Fixed Int Ser 4 Cap	157.1	165.4	+0.2	—
Indexed Inv S 4 Cap	95.9	101.0	—	—
American Ser 4 Cap	207.1	218.0	+0.6	—
High Inc Ser 4 Cap	204.7	215.5	+1.7	—
Japan Ser 4 Cap	144.8	152.5	+0.9	—
Pension Funds				
Property	343.9	362.1	—	—
Equity	596.0	627.4	—	—
Selective	218.0	229.5	—	—
Managed	487.5	513.2	—	—
Security	304.3	320.4	—	—
Fixed Int.	177.1	186.5	—	—
Indexed Inv.	111.4	117.3	—	—
American	178.5	187.9	—	—
Japan	148.0	155.8	—	—
Property Cap.	193.1	203.3	—	—
Equity Cap	339.8	357.7	—	—
Managed Cap.	275.2	289.7	—	—
Security Cap.	169.0	178.3	—	—
Fixed Int. Cap.	130.7	137.6	—	—
Indexed Inv. Cap.	90.4	95.2	—	—
American Cap.	154.7	162.9	—	—
Japan Cap.	128.3	135.1	—	—
Property Cap. 2	336.1	353.8	—	—
Equity Cap. 2	582.3	613.4	—	—
Managed Cap. 2	476.3	501.4	—	—
Security Cap. 2	297.3	313.0	—	—
Fixed Int. Cap. 2	173.0	182.2	—	—
Index Inv. Cap. 2	108.8	114.6	—	—
American Cap. 2	174.4	183.6	—	—
Japan Cap. 2	144.6	152.3	—	—
Moneywise Frly Soc	65.0	69.2	—	—

Aetna Life Insurance Co. Ltd.
401 St. John St., London, EC1V 4QE. 01-837 6494

Life Funds (Accumulator Units)				
Squirrel	9.9	10.5	—	—
Bear	10.2	10.8	+0.1	—
Owl	10.0	10.6	—	—
Bull	9.9	10.5	—	—
Stag	9.2	9.7	—	—
Pension Funds (Accumulator Units)				
Squirrel	10.2	10.8	—	—
Bear	10.5	11.1	+0.1	—
Owl	10.3	10.9	+0.1	—
Bull	10.2	10.8	+0.1	—
Stag	9.3	9.8	—	—

Albany Life Assurance Co. Ltd.
3, Darkes Lane, Potters Bar. 0707-42311

Equity Fd. Acc.(z)	566.7	596.5	(z)	—
European Fd Accum(z)	133.9	140.9	(z)	—
Fixed Int. Acc.(z)	267.7	281.7	(z)	—
Gtd. Money Fd. Ac.(z)	188.0	197.9	(z)	—
Intl. Man. Fd. Acm.(z)	233.	245.6	(z)	—
Intl Fxd Int Fd Acc(z)	153.4	161.4	(z)	—
Japan Fund(z)	143.3	150.8	(z)	—
Nth American Fd Acc(z)	142.4	149.9	(z)	—
Prop. Fd. Acc.(z)	192.2	203.3	(z)	—
Multiple Inv. Acc.(z)	407.1	428.4	(z)	—
Pension Funds				
Eq Pen Fd Acc(z)	933.5	982.6	(z)	—
Euro Fd Acc(z)	148.3	156.1	(z)	—
Fixed Int. Acc.(z)	483.2	508.6	(z)	—
Gt Money Pn Acc(z)	295.1	310.6	(z)	—
Intl Man Fd(z)	304.7	320.7	(z)	—
Jap Pen Fd Acc(z)	160.7	169.1	(z)	—
N Am Pn Fd Acc(z)	159.1	167.4	(z)	—
Property(z)	277.7	292.3	(z)	—
Mltpl Inv Pens Acc(z)	697.4	734.1	(z)	—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund SA
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.84		+0.03	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.43		+0.02	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.25		+0.03	—
Dynamic Gwth Fd	$8.33		+0.05	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.65	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.80	8.62	13.69	6mth
7-day Fnd	11.63	8.67	12.59	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.72	8.76	12.40	6-Mth
7-day Fund	11.64	8.75	12.62	6-Mth
Dollar	6.75	—	—	6-Mth
Money Mngt. Acct.	11.375	8.50	12.71	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc.	11.25	8.00	11.99	Qr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.375	8.50	12.70	Qr
Mth. Int. Chq.	11.25	8.41	12.68	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	10.85	8.11	12.01	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qr
Britannia Investment Services Ltd.				

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Marks & Spencer	11
BAT	32	Midland Bk	30
BOC Grp	25	NEI	8
BSR	16	Nat West Bk	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	20	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J.)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons	18	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brit. Oil & Min.	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd	38	Charterhall	6
ICI	60	Premier	5
'Imps'	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
101	99	Exch. 12¼pc 1985	100	—	12.25	11.62
101	99	Exch. 11¼pc '86	100	—	11.71	10.94
99½	97	Treas. 10pcCnv 1986	99	—	10.06	11.01
95	92¼	Treas 3pc 1986	95	—	3.13	9.37
100	97	Exch. 10½pc Cv '86	99	—	10.53	10.85
101	99	Treas 12pc 1986	100	—	11.90	10.78
98	94	Treas 8¾pc 1984-86‡‡	98	—	8.64	10.48
105	102	Exch. 14pc 1986	103	—	13.54	10.73
94	87	Exch. 2½pc 1986	94	—	2.65	7.44
104	101	Exch. 13¼pc 1987	103	—	10.83	10.59
99	96	Treas 10¼pcCv '87	99	—	10.29	10.53
92	85	Exch 2½pc 1987	92	—	2.69	7.72
99	96	Exch. 10½pc 1987	99	—	10.53	10.64
94	89	Funding 6½pc '85-87‡‡	94	—	6.89	10.28
99	95	Treas. 10pc 1987	98	—	10.11	10.63
90	84	Treas 3pc 1987	90	—	3.31	8.50
102	99	Treas. 12pc 1987	102	—	11.73	10.71
95	90	Treas 7¾pc 1985-88‡‡	94	—	8.16	10.15
99	95	Exch 10½pc '88	99	—	10.53	10.58
97	93	Treas 9½pc Cv '88	97	—	9.97	10.65
86½	80	Transport 3pc '78-88	86	—	3.48	8.65
96	91½	Treas. 9½pc '88	96	—	9.81	10.69
102	97	Treas 11½pc 1989	102	—	11.20	10.56
96	90	Treas 9½pc Cnv. '89	96	—	9.84	10.65
82	79	Treas 3pc 1989	82	—	3.63	8.60
99	94	Treas 10½pc 1989	99	—	10.53	10.56
98	92	Exch 10pc 1989	98	—	10.20	10.62
101	95	Exch 11pc 1989	101	—	10.87	10.65
85	79	Treas 5pc 1986-89	85	+	5.85	9.33
108	103	Treas 13pc 1990‡‡	108	—	11.99	10.51
101	96	Exch 11pc 1990‡‡	101	—	10.84	10.57
108	100	Exch. 12½pc 1990	106	—	11.72	10.63
77	75	Treas. 3pc 1990	77	+	3.85	8.90
93	87	Treas 8¼pc 1987-90‡‡	92	—	8.92	10.28
Five to Fifteen Years						
101	91	Treas. 10pcCv 1990	101	—	10.26	10.64
105	97	Treas 11¾pc 1991	105	—	11.30	10.72
87	80	Funding 5¾pc '87-91‡‡	87	+	6.72	9.11
105	95	Exch. 11pc 1991	105	—	10.85	10.68
111	101	Treas 12¾pc 1992‡‡	110	—	11.68	10.71
99	89	Treas 10pc 1992	97	—	10.25	10.52
102	94	Treas 10½pc Cv 1992‡‡	102	—	10.57	10.62
110	98	Exch. 12¼pc '92	107	—	11.46	10.82
117	105	Exch 13½pc 1992	111	—	11.99	10.90
111	101	Treas 12½pc 1993‡‡	110	—	11.49	10.80
83	74	Funding 6pc 1993‡‡	80	—	7.41	9.43
119	109	Treas 13¾pc 1993‡‡	119	—	11.90	10.82
125	111	Treas 14½pc 1994‡‡	120	—	12.01	10.73
119	108	Exch 13½pc 1994	119	+	11.82	10.90
113	100	Exch. 12½pc 1994	109	—	11.43	10.84
94	86	Treas 9pc 1994‡‡	94	—	9.85	10.47
108	98	Treas 12pc 1995	107	—	11.26	10.85
71	62	Gas 3pc '90-95	71	+	4.29	7.40
98	89	Exch. 10¼pc 1995	98	—	10.55	10.71
115	106	Treas 12¾pc 1995‡‡	115	+	11.38	10.76
121	110	Treas. 14pc '96	120	—	11.81	10.95
94	84	Treas 9pc 1992-96‡‡	98	—	9.90	10.43
132	121	Treas 15¼pc 1996‡‡	132	+	12.01	10.89
120	110	Exch 13¼pc 1996‡‡	120	+	11.42	10.69
77	68	Redemption 3pc 1986-96	75	—	3.95	6.00
118	106	Treas 13¼pc 1997‡‡	118	+	11.38	10.70

Over Fifteen Years

Undated

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INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
48	28	♦Mainmet Hldgs 10p	40	.....	—	—	—	♦
390	202	Man. Ship Can. £1	365	+1	5.5	3.5	2.2	19.2
104	70	Marley	81½	+4½	3.75	2.2	6.7	9.7
107	52	Marling Ind. 10p	95	+2	d1.5	5.1	11.9	12.1
74	36	Marshall L'ay. 'A'	71	.....	2.4	4.9	4.8	5.1
77	58	Marshall's Universal	58	.....	2.0	1.4	4.9	(18.4)
86	78	Do. 7½pcCnRedPf £1	82	.....	7½%	—	13.1	—
For Martin-Black see Dean Park Hotels in Recent Equities								
£99	£81	♦Mathesons 7½%	£99	.....	Q7½%	2.3	17.9	—
35	26	♦Mayborint 1p	26	–1	—	—	—	—
492	375	Metal Box £1	480	+2	17.25	3.1	5.1	7.2
170	119	Metal Closures	121	–2	6.7	2.0	7.9	7.6
17	3	♦Metal Sciences 2½p	7	+1	—	—	—	—
104	73	♦Midland Marts	93	–4	4.0	2.1	6.1	11.1
*83½	55½	Mitchell Cotts	56	+½	t4.0	1.5	10.2	8.0
230	182	Morgan Crucible	193	+2	8.0	1.6	5.9	13.4
32½	22	♦Morris (W) F.A. 20p	29	.....	g0.5	♦	2.5	♦
112	91	Moss (Robt.) 10p	112	.....	3.0	2.5	3.8	12.4
81	68	Myson Grp 10p	69	.....	q2.5	3.4	5.2	13.1
328	214	♦N M W Computers	279	–5	b4.8	2.7	2.5	20.8
43	28	Nash Inds.	38	.....	‡2.5	1.5	‡	6.9
48	18	Neil & Spencer 10p	18	.....	♦	—	—	5.4
44	14½	Newman Inds 10p	33	.....	—	—	—	(15.4)
*41	26	Nolton	35	.....	t1.77	4.5	4.8	6.8
189	146	Norcros	185	.....	8.6	2.2	6.6	9.2
67	50	Nu-Swift 5p	51	.....	3.0	1.6	8.4	9.8
111	68	Oakwood Grp.	93	.....	♦t4.5	1.4	6.9	(13.7)
250	150	Office & Elect	245	.....	7.5	2.4	4.4	13.5
108	75	Oldacre 20p	77xd	.....	4.0	2.6	7.4	6.8
58	37	♦Optometrics $0.01	48	–1	ud0.2c	—	3.3	—
495	312½	Oriflame £1	450	.....	23.4	1.8	5.2	10.7
18	10	Owenstone 12½c	10	.....	q01.23c	1.9	9.6	5.5
£190	£158	Ozalid 9pc Cnv 87-92	£185	.....	Q9%	—	—	—
185	105	♦PCT Grp 10p	135	.....	3.3	2.2	5.0	16.3

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

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[illegible]

Components

[illegible]

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[illegible]

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[illegible]

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Far West Rand

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Central African

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REGIONAL & IRISH STOCKS

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security.

FINANCIAL TIMES
Saturday August 31 1985

U.S. 'clarifies' air crash comment

BY TERRY DODSWORTH IN NEW YORK AND LYNTON McLAIN IN LONDON

MR DONALD ENGEN, head of the U.S. Federal Aviation Administration, was at the centre of a controversy yesterday after implying on a television show that UK operating rules were partially responsible for the British Airtours accident in Manchester in which 54 died.

The FAA later said Mr Engen had not intended to blame the British for the unfortunate accident. This clarification, however, did not fully address questions he had raised over the temperature at which the engines involved in the Manchester crash are habitually operated in the UK.

Mr Engen's comments were made on the MacNeil Lehrer Newshour. Replying to a question he said he though the UK authorities had determined that the Pratt & Whitney JT8D-15 engines had been operating at temperature limits that had finally begun to develop these cracks.

Although Mr Engen did not mention the UK Civil Aviation Authority or British Airways, the charter flight subsidiary of British Airways in this context, he said earlier that the FA had been in close touch with the CAA in discussions about the cracks which had been found in burner-vans on the combustion chambers of the Pratt & Whitney engines operated in the UK.

The impression that Mr Engen was implicating UK operating standards in the accident was heightened when he added that U.S. airlines operated differently.

"In America . . . we have in-flight monitoring all the time by the major air carrier," he said, referring to a sophisticated sytem involving elecronic devices which link engines with ground computers. Several U.S. airlines use this technique as part of everyday maintenance.

British Airways last night rejected any suggestion that it operated its Boeing 737 aircraft engines at excessively high temperatures.

"British Airways operates its JT8D-15 engines in strict accordance with the Boeing Aircraft company's operations manual and the limitations therein as advised to Boeing by Pratt & Whitney, the engine manufacturers," BA said.

"These limitations are the same for all operators of JT8D-15 engines worldwide. Under no circumstances does BA operate its JT8D-15 engines at temperatures higher than those permitted in the operations manual."

"In fact, 70 per cent of take-offs made by BA's Boeing 737s are at reduced thrust settings that even further lower the temperatures permitted in the operations manual."

Later, in a clarifying statement, the FAA said Mr Engen's comments had been "seriously mischaracterised" in a report published in London.

It added: "The actions taken both by the CAA and the FAA are consistent with the airworthiness regulatory system and the experience of each country. Even though there are some differences in detail between our systems, both systems produce a clearly high level of safety."

According to the FAA, the JT8D-15 engine operates at a higher temperature than most other commercial airline engines, irrespective of whether it is being used in the UK or the U.S.

There are, however, some operational differences between the two countries, notably the fact that here UK airlines are involved in shorter hop flying than their counterparts in the U.S.

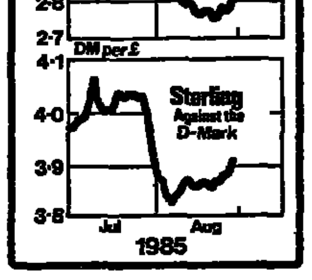
Sterling weathers rise in dollar

BY PHILIP STEPHENS

THE DOLLAR rebounded on foreign exchange markets yesterday, but sterling managed to shrug off most of the rise and registered further gains against other European currencies.

The U.S. currency's rise came after figures showing a sharp improvement in the U.S. foreign trade balance last month. The Commerce Department said the trade gap narrowed to $10.5bn (£7.5bn) in July from $13.4bn the previous month.

The foreign exchange markets took that as a signal to temper some of the recent pessimism about the pace of U.S. economic growth, in spite of mixed signals from other indicators.



The reaction may have been exaggerated by relatively light trading ahead of Monday's holiday in the U.S., and dealers reported little confidence as yet in a significant turnround in the U.S. economy.

In London the dollar closed at DM 2.8110, up 3.15 pfenigs from Thursday. Sterling, however, was to a large extent insulated from the move, and lost only 0.7 cents to close at $1.3930.

Against the D-mark, hit by the continuing spy scandal in Bonn, the pound rose 2¼ pfennigs to close at DM 3.9150, while gains against other currencies also contributed to a 0.3 point rise in the sterling index to 82.7.

The pound is now at the levels against other European currencies which bring strong calls from industrialists for a cut in UK interest rates, but the Treasury has as yet given no signal that it is willing to see an early reduction.

Little sign of U.S. recovery, Page 2; Money markets, Page 11

THE LEX COLUMN

Aerospace climbs above the cloud

The City is as bemused as ever by British Aerospace but it consumed the group's first results since the Government sale in May with relish. Some frustrated investors, who have had to watch their partly paid shares languishing lately under the 200p offer price, were able to escape with honour while the fully paid closed 15p up at 378p.

This good-natured response may have had as much to do with the collapse of the Australian middle order as Aerospace's 21 per cent increase in pre-tax profit in the half-year to June to £68.3m. Certainly those parts of Aerospace's business best understood—military aircraft and dynamics—are performing well.

In the first, Aerospace managed to squeeze nearly two extra points of margin out of mature projects (such as the Jaguar) where costs can be predicted with some accuracy. Obviously in an industry with 15-year cycles, the decision to push ahead with the European Fighter Aircraft is a boon but the City will be more encouraged by the chances of lengthening Tornado production lines with more export orders in the meantime. Whether the EFA will eventually be all that profitable is another matter, but the fact Aerospace can tackle costs (most notably in the space division) suggests there is no reason it cannot prosper in a fixed-price environment.

The guided missiles division grew at a dynamic 33 per cent in turnover terms and shows no sign of slowing down even if margins are diminishing. Yet it is hard to know what to make of Aerospace's most risky involvement—the civil aviation business, which lost £2.5m in the first half. Even after the £100m provision in 1982, Aerospace has still had to adjust stock values for the declining dollar. Volume demand is improving even if price is not

Index rose 10.0 to 1013.9

and it is far from clear when Airbus will actually be making a justifiable contribution to profit.

With the rights issue proceeds swelling the second-half figures, Aerospace should have no difficulty making over £150m before tax. On an average tax charge, the earnings multiple would seem undemanding if it had not — so recently — been so much lower.

South Africa

Foreign companies with large South African investments have suddenly found themselves imprisoned as involuntary gamblers in a strange sort of casino—where they are no longer quite sure what their hand is worth, nor how to play the cards. Faced with the suspicion that this is now a game of risk where not even the bank can rely on coming out ahead, many of the old high-rollers seem to have become convinced divesters.

The urge to cash in higher denomination South African chips recently strengthened almost unbearably, just as the management has withdrawn the right to convert them into real money. Fortunate is the player with permission to take his winnings out in sterling, like the construction group Alfred Macalpine, which has sold its coal interests to a company in the Gencor stable; the pivot here is Gencor's ability to raise sterling funds by placing equity in London.

Some players are even willing to buy new chips so long as the Bank is prepared to accept South African bona fides. NEI's local subsidiary is issuing shares to acquire a business from International Harvester. A slight dilution of the UK parent may perhaps not be unwelcome, but the main point is that an existing local investment can strengthened on what seem reasonable terms and without increasing NEI's exposure.

Others who are willing enough to go on playing the South Africa game have found it impossible even to obtain a place at the tables: BTR's two quoted subsidiaries were due to complete their merger this week, but the suspension of play has made it temporarily impossible to agree the odds.

Mardon

Considering that the number of possible snags in a deal must rise exponentially with the number of parties (and their legal advisers) it is a notable achievement to have completed the buyout of BAT's subsidiary Mardon Packaging. A deal which hinged on Mardon being taken over in effect by its Canadian subsidiary, involving 100 manager shareholders, and requiring the refinancing of £100m of debt in addition to the £173m purchase consideration, had many opportunities to go astray. It is certainly the most complex as well as the largest leveraged buyout of a UK company to date.

The financing appears to follow broadly on the lines of other recent deals, where the amount of pure equity required has been kept down by placing a substantial amount of subordinated debt; even so the bank debt and loan-stock portion of the finance apparently amounts to something in excess of £220m. In this case it seems that the package was built on the assumption that a Canadian institution could be found to take a long-term equity interest; the fact that the new Lawson Mardon Group is to be an unquoted Canadian company might have made it difficult to place with UK institutions.

BAe's first half pre-tax profit ahead of forecast

By Lynton McLain

BRITISH AEROSPACE yesterday surpassed forecasts it made in May, when the Government put its remaining 48.43 per cent take in the formerly nationalised group up for sale, and announced pre-tax profits of £68.3m for the six months to June 30. The 21 per cent increase, compared with the corresponding period last year, brought a 15p rise in BAe shares, which last night closed at 378p.

The profits rise was achieved in spite of a £2.5m trading loss on civil aircraft sales and a £3m loss on space-related activities.

The traditionally buoyant military aircraft sector and guided-weapon and electronic sector provided the bulk of profits, with trading profits of £64.4m and £58.2m respectively. Overall group trading profits were £86m.

The results boosted the price of the new, partly paid shares issued in May, by 13p to 198p. This compares with the May offer price of 200p. Holders of the shares have to pay the balance of 175p a share on September 10.

The results were accompanied by a warning from Sir Raymond Lygo, managing director, that more job cuts were on the way. These will be achieved by natural wastage. Staff numbers have already gone down by 9,000, to 75,000 in the past four years.

Sir Raymond said: "We will still need to continue to shed labour in the aircraft group, in spite of the recent £250m order from Oman for eight Tornado air defence fighters."

British Aerospace would obtain £4bn-worth of work from the £10bn European Fighter Aircraft project agreed recently by the UK, West Germany and Italy. Sir Raymond said the three partners BAe, MBB of West Germany and Aeritalia of Italy would secure a formal development contract for the EFA in the middle of next year.

Elsewhere in BAe the company is to raise annual production of the Jetstream executive turboprop aircraft at Prestwick from 24 to 36. It also intends to accelerate wing production for the Airbus Industry consortium.

Details, Page 8

TUC braced for clash over NUM's call to annul sackings

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE TUC Congress at Blackpool next week faces a long-delayed but bitter clash between the leaders of the National Union of Mineworkers and the majority of other unions over the mineworkers' call for a future Labour Government to reinstate all sacked miners and to reimburse their union with all fines and money sequestrated during the pit strike that ended this year.

Even among other unions led by left-wingers, feelings against the NUM's initiative are running high. At a meeting yesterday of the TUC general council at Blackpool, Mr Bill Gill, president of the National and Local Government Officers' Association, proposed that the council decide to oppose firmly the NUM's motion, even before its final wording is known.

The Nalgo move was defeated by a vote, but only after Mr Mick McGahey, the NUM's vice-president, had pleaded for a delay until the final form of the motion had been agreed.

Consultations between the NUM and the National Communications Union, which has submitted an amendment to the mineworkers' resolution, is not yet formally completed, though the NCU had indicated this week that it was satisfied with a composite motion drafted by the NUM.

However, Mr Norman Willis, the TUC general secretary, made clear to the general council yesterday his deep concern over the motion and its effects on the labour movement. The final motion, in whatever form, will be opposed by the general council, even so, though it will not take a formal position until Monday at the earliest.

Motions from Aslef, the train drivers' union, and the National Union of Railwaymen will be strongly supported by the general council. These will serve as a focus for the official posture of sympathy, but also of opposition to what are seen as extreme demands by the miners. The NUR motion pays tribute to the mineworkers and calls for the maintenance of their hardship funds.

Mr Peter Heathfield, the NUM general secretary, said at Blackpool yesterday he was confident that a composite motion could be agreed with the NCU, and hoped it would be acceptable to the general council. He indicated he would not expect the NUM delegation, which will meet tomorrow, to agree to withdraw.

Mr Arthur Scargill, the NUM president, cannot expect the hero's welcome he received from congress at Brighton a year ago. Many of his allies are now sceptical of his record during and after the strike. Those who opposed him regard themselves as vindicated.

Labour news, Page 4; Willis braced for balloting, Page 6

Murdoch group denies plan for single-union deal with EETPU

BY HELEN HAGUE, LABOUR STAFF

Mr Ruper Murdoch's News group yesterday attempted to dampen down speculation that it intended to strike a single-union deal with the electricians' union at the planned printing plant at Wapping, East London.

The moves headed off the prospect of immediate disruption by printworkers at the group's Sun plant in Bouverie Street, off Fleet Street.

The electricians have recently negotiated a single-union deal with Mr Eddie Shah's News (UK) company, which plans to publish a national newspaper next year.

News Group said last night that the company was not negotiating with the electricians over the Wapping move.

Rumours that Mr Murdoch intends to explore the possibility of a Shah-type deal have been widespread in Fleet Street print chapels.

Yesterday Ms Brenda Dean, general secretary of Sogat '82, met Mr Bruce Mathews, managing director of News International, in an attempt to allay members' fears over the possibility of an agreement being reached which excluded Sogat.

Concern has been fuelled by reports that people were being recruited to staff the Wapping plant, or being trained in jobs traditionally done by Sogat members.

Both suggestions were refuted by Mr Mathews and Mr Christopher Pole-Carew, who has been recruited by Mr Murdoch on a consultancy basis to draft a report on new technology at the Wapping site.

After the meeting, held at Sogat's request, Ms Dean said it had been "helpful in clearing the air of speculation concerning developments at Wapping."

It emerged that engineers and electricians, now working at the site, are engaged on installation of equipment and electrical wiring.

During the meeting, Mr Mathews said Mr Murdoch had confirmed that no agreements would be reached with any union on the Wapping move until he visited Britain next month.

In addition Mr Murdoch had confirmed his intention to meet Ms Dean to discuss the Wapping development.

Although Ms Dean's statement de-fused potential disruption among Sogat chapel members at the Sun, there was still widespread feeling among the union's members that a News Group-EETPU single-union deal was a possibility.

Union officials claimed that an EETPU-registered office in Clapham had advertisements for machine electricians at the Wapping works.

Last night Mr John Mitchell, Sogat's London district secretary, said that fears that a deal with the electricians at the expense of traditional print unions had to some extent been allayed by Ms Dean's meeting with senior management.

"However, we will be watching developments very closely. Everything is on hold for the time being. If such a deal is in sight we shall make our views known very clearly."

Continued from Page 1

McAlpine

NEI Africa, which is 60 per cent owned by the Newcastle-upon-Tyne company, Northern Engineering Industries (NEI), will issue 134,000 of its own shares, worth about R4.35m (£1.1m) to buy International Harvester Company SA.

Mr Bill Beaumont, finance director of NEI, said: "We believe this is a good long-term investment. The unrest in South Africa concerns me but all international trading is fraught with problems."

International Harvester sells parts and maintains and repairs heavy-duty vehicles in South Africa.

McAlpine, formerly known as Marchwiel, said that it had decided to sell its holding in McAlpine South Africa because this was only a small operation relative to the local coal mining industry as a whole.

Most of its profits arose from its 40 per cent owned associate company, Optimum Collieries, in which Trans-Natal was the majority shareholder. McAlpine South Africa made a pre-tax profit of R9.8m in the year ended October 1984.

Trans-Natal will also pay McAlpine £1.9m to join in international coal mining ventures and to ensure McAlpine will not operate in southern Africa for the next five years.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Addison Page	240	+	25
Allied-Lyons	240	+	7
Barclays	394	+	12
Black Arrow	92	+	7
British Aerosp'ce	378	+	15
Brit Home Stores	299	+	9
BP	587	+	17
Britoil	225	+	10
Brook St Bureau	141	+	7
Courtaulds	137	+	5
Distillers	360	+	9
Fisons	375	+	12
Frost (J. J. & D.)	86	+	7
Guinness	266	+	7
ICI	674	+	17
Lloyds Bank	437	+	12
Low & Bonar	325	+	10
Marley	81½	+	4½
Ocean Transport	180	+	13
Parkfield	157	+	9
Porter Chadburn	208	+	8
Shell Trans	725	+	14
Somportex	51	+	24
TI	382	+	8
Thorn EMI	419	+	10
Tricentrol	212	+	7
FALLS			
Blue Circle Inds	513	−	10
Plessey	142	−	8

WORLDWIDE WEATHER

UK today: Rather cloudy with wind and rain spreading from the West to all areas. Sunday: Showers.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Corfu	F	26	79	Luxmbg.	S	22	72	Peking	C	26	79
Algiers	S	31	88	Dallas	S	23	73	Madeira	S	24	75	Perth	F	17	63
Amsdm.	S	24	75	Dublin	C	17	63	Madrid	S	31	88	Prague	S	21	70
Athens	S	28	82	Dbrvnk.	F	25	77	Majorca	S	28	82	Reykjvk.	F	12	54
Bahrain	S	36	97	Ednbgh.	C	18	64	Malaga	S	26	79	Rhodes	S	28	82
Barclna.	S	28	82	Faro	S	27	81	Malta	S	27	81	Rio J'ot	F	26	79
Beirut	F	28	82	Florence	S	28	82	M'chstr.	C	19	66	Rome	S	26	79
Belfast	R	15	59	Frankft.	S	25	77	Melbne.	R	15	59	Salzbrg.	S	23	73
Belgrd.	F	23	73	Geneva	S	20	68	Mx. C.†	R	20	68	S F'cisct	C	14	57
Berlin	S	23	73	Gibraltar	S	28	82	Miami†	F	27	81	Singapr.	F	32	90
Biarritz	C	21	70	Glasgow	C	16	61	Milan	S	27	81	S'tiagot	C	20	68
Bmghm.	F	21	70	G'rnsey	R	16	61	Montrl.†	R	11	52	Stckhm.	S	20	68
Blackpl.	C	15	59	Helsinki	F	19	66	Moscow	F	23	73	Strasbg.	S	24	75
Bombay	F	29	84	H. Kong	F	29	84	Munich	S	21	70	Sydney	R	15	59
Bordx.	F	24	75	Innsbrk.	S	22	72	Nairobi	F	25	77	Tangier	F	23	73
Boulgn.	S	20	68	Invrnss.	R	17	63	Naples	F	25	77	Tel Aviv	F	29	84
Bristol	C	18	64	I.o.Man	C	15	59	Nassau		—	—	Tenerife	S	34	93
Brussels	S	25	77	Istanbul	S	25	77	Nwcstl.	F	21	70	Tokyo	F	29	84
Budpst.	S	27	81	Jersey	Fg	18	64	N Delhi	S	34	93	T'ronto†	R	17	63
Cairo	S	30	86	Jo'burg	S	22	72	N York†	F	23	73	Tunis	F	29	84
Cardiff	R	15	59	L. Plms.	S	31	88	Nice	S	25	77	Valencia	S	28	82
Cape T.	S	23	73	Lisbon	S	25	77	Nicosia	S	28	82	Venice	S	25	77
Chicg.†	S	18	64	Locarno	C	23	73	Oporto	S	20	68	Vienna	F	23	73
Cologne	S	24	75	London	S	24	75	Oslo	F	17	63	Warsaw	S	22	72
Cpnhgn.	S	21	70	L. Ang.†	S	22	72	Paris	S	25	77	Zurich	S	20	68

Sl—Sleet. Sn—Snow. T—Thunder.
C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny.
† Noon GMT temperatures.

Tutu Continued from Page 1

foreign offices — subsequently said that after discussion with the Reserve Bank in Pretoria they had decided to stay open for business as usual.

Problems facing Nedbank and other South African banks abroad were one of the principal topics when Dr Gerhard de Kock, Governor of the South African Reserve Bank, met Bank of England officials in London on Wednesday.

Nedbank, with a presence in London going back 80 years, has money market operations in the UK and U.S. which are far greater than those of other South African banks.

While these had also been pressed to repay short-term borrowings, the pressure had mainly affected their Johannesburg head offices, where dealings are closed till Monday.

Nedbank, with its large international operation, had been forced to take additional strain in its London and New York operations.

Reverberations of the political and currency crisis came yesterday in a statement by Escom, the state-owned electricity supply commission, that it would increase electricity tariffs by an average 10 per cent from Sunday—the second rise of this size this year.

Escom said that with the risk of "more restricted access to overseas capital markets" and therefore greater pressure for funds in the local market, it had to generate higher revenues.

CompAir to axe jobs Continued from Page 1

effect of this blow to our economy.

"Cornwall is already the hardest hit county in the country in terms of unemployment. Now it would seem that Camborne and Redruth are to have the doubtful privilege of being the worst hit area in the county," he said.

Siebe was aware of CompAir's problems when it bought the group, but the acquisition was nevertheless seen as attractive.

CompAir is ranked third among world manufacturers of compressed air equipment, behind Atlas Copco of Sweden and Ingersoll-Rand of the U.S. The link was seen as logical because many of Siebe's products, such as respirators and garage and diving equipment, use compressed air from CompAir equipment.

Under the planned restructuring, the Camborne factory will become the company's centre for making portable compressors and some compressor components. Particularly the air end products which are, according to Mr Cobb, "the compressor's guts and bones."

Camborne will also concentrate on making underground mining equipment, but will no longer manufacture surface mining equipment.

WEEKEND FT

Saturday August 31 1985

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Penguin's progress

Fifty years ago, publisher Allen Lane pioneered a social revolution when he launched paperback reprints designed for a mass readership. Gay Firth reports.

ORANGE for fiction, blue for biography, red for classics, green for crime. The first paperbacked books cost sixpence each: 59p at today's prices. Paperbacks seem as obvious now as the spinning jenny; commercially self-evident and indispensable. In 1935, however, it seems that only the wife of a Woolworth's executive, and the book buyer for Selfridges, were enthusiasts when Allen Lane shooed his first Penguins into a suspicious market and launched a social revolution. Next week Penguin celebrates its 50th birthday.

To be sure, small cheap books you could put in your pocket were not new. Paperbacked books were and are the basis of French publishing. Little novels commissioned and published by the Minerva Press in London in the late 18th and early 19th centuries found and fed a "Mills and Boon" market long before Gerald Mills and Charles Boon founded their imprint, and a fortune, in 1908. What was new, and a runaway success in the 1930s and 1940s, was the mass-produced, mass-distributed paperback reprint of a book already test-run in hardback: Good Reads you could lose on trains, throw away on holiday or drop in the bath. One million Penguins were sold in six months between July and December 1935. The billionth will sell this September.

Penguins and their companion Pelicans (pale blue for non-fiction), along with Puffins (launched in 1940, for children), were pursued at a distance by Pan, Corgi, Arrow, Sphere, Fontana, Granada (now renamed Grafton), New English Library, Hamlyn, Futura, and the rest, together with paperback imprints at the English-speaking earth's imagined corners and the babel in between. They applied the traditional formula: reprints for the mass market, published under licence from original hardback publishers and produced to a size called "A-format" (or "rack-size" in America).

Penguin, the market leader (bought by Pearson Longman in 1970), grew quickly from a mere reprint house to an initiator of new work: by 1945, more than half its listed titles were Penguin originals. Today, Penguin Publishing is a holding company whose five operating companies play the hardback as well as the paperback field in Canada, the U.S., Australia, New Zealand and the UK, each publishing its own list. Penguin India will open for business in Delhi this year, publishing work by Indian writers.

Catalogues this autumn, and the golden jubilee celebrations, reflect solid confidence in a business showing phenomenal growth over the past few years. A success story in its beginnings, the publishing enterprise described (by Professor Richard Hoggart, author of *The Uses of Literacy*), as the unofficial forerunner of the Open University consolidated its position during the war and post-war decades; went public in 1961 with a share issue that was more than 150 times over-subscribed; and developed across all its imprints when competition — from newer paperback companies with a wider commercial range — reached a peak in the 1960s. It was in the early 1970s that emphasis on back-list overshadowed front-list publishing: absence of a strong new programme, aggravated by inflation and world-wide recession, caused Penguin to lose both direction and profits.

Peter Mayer, taking over as chief executive in November 1978, fused Penguin's separated editorial and marketing functions and swung it round on a determined strategy for selling. He also offended not a few staff, authors and customers by pruning away hundreds of loved (but loss-making) titles. Literary offence was followed by literary outrage when cuckoo's eggs like *The Far Pavilions* (1979), *The F-Plan Diet* (1982), and *Lace* (1983) hatched, rotten but golden, under the bird which had reared the matchless, marvellous series of Penguin Classics, Ancient and Modern; Nikolaus Pevsner's *Buildings of England*, in 46 volumes; and a million copies each of Shaw, H. G. Wells, and Evelyn Waugh, never mind *Lady Chatterley's Lover*.

Quality cannot be sustained without profits, however. Mayer and his team turned a loss of £242,000 in 1979 into a pre-tax profit of £11.3m — on group sales of £90m — in 1984. Trading profit was up by 23 per cent over 1983-84 alone; UK turnover showed volume sales on a six-year high, 14 per cent up, at £43.4m from £38m.

Now, 1,200 new titles every year include 600-700 issued in the UK — nearly 400 of them "originals." specially commissioned — along with 2,500 reprints, re-issues, and new impressions from the UK back-list of 5,000 paperback titles.

Reprints were — and, to a certain extent, still are — the *sine qua non* of paperback publishing: pots of gold for thousands of authors over the years at the end of a rainbow labelled "rights." Most UK paperback houses are tied to hardbackers: Pan is owned jointly by Heinemann, Collins and Macmillan (and has just agreed a paperback co-publishing deal with the Chatto, Virago, Bodley Head and Jonathan Cape group).

Sphere was part of Thomson Books, bought this year by Penguin along with £11.5m worth of other publishing assets including the hardback houses Michael Joseph and Hamish Hamilton. (Added to Penguin's own hardback imprint, Viking, this means that Penguin UK sales will now be around 25 per cent in hardback.)

Better availability and quality of book trade information shows today's publishing industry reacting with dramatic — and unprecedented — speed to a changing market more international, and internationally competitive, than ever before. The UK market is lamentably small, although books have done very well in sustaining their level of consumer expenditure against a boom in other kinds of leisure spending. In fact, they actually expanded by 24 per cent between 1974 and 1984 against a contraction, in real terms, of 13 per cent in newspapers and 17 per cent in magazines, the other two main categories of print.

In 1982, the estimated retail value of paperback sales in the UK, at present prices, was £320m, of which Penguin claims about a quarter. Paperback fiction accounts for some £200m in the total UK non-institutional domestic market. (In plain language, that means paperback novels sold to you and me, not the local library.) Of this, £50m goes on "romantic" fiction alone; £35m on "modern" novels and classics in reprint (a film or television tie-up puts a rocket under sales of The Book); and another £30m on paperback thrillers, including crime.

Taking export sales separately, hardbacks accounted for 70.8 per cent of books sent abroad in 1972 against 29.2 per cent paperbacks. By 1984 these proportions had moved 10 percentage points each way: hardbacks down to 60.7 per cent, paperbacks up to 39.3 per cent.

Patrick Wright, Penguin's group sales and marketing director, is categorical about their importance: "The export business is absolutely vital to the paperbacker. It's not too much to say that we couldn't survive without it. The domestic market is too small to make economic sense."

Export sales seem now to be slowly rising again: between 1975 and 1982 they sagged from 40 per cent to 30 per cent of all book sales. But even in 1982 books notched up a healthy £125.5m surplus of exports over imports. In 1984 the surplus was worth £183m.

In real terms, Allen Lane's brainchild has risen in price by a much greater margin than its parent, the "modern" hardback novel. In 1935, such a hardback retailed at about eight shillings and sixpence — £8.88 at today's prices and only a whisker away from today's average retail price of £8.95 for, say, a novel submitted for the Booker Prize. But it would be difficult to buy a paperback — almost any kind of paperback — for 59p, today's equivalent of the 1935 sixpence. The average Penguin retails at £2.55 and £3.95 is not exceptional.

At Penguin's offices in New King's Road, Chelsea, Mr Wright is concerned to maintain flexibility in pricing to the point where every edition and every Penguin title in print, each already the subject of an individual pricing decision of the most subtle kind, is constantly under review. Mr Wright says: "In bad times, Penguin came unstuck on uniform pricing. But pricing is a very creative business. It's well established now, and understood by all of us.

"From illuminated manuscript to massmarket paperback, what matters is our perception of a book. The important thing about a paperback — and I think printing might have been invented for the paperback — is that it's portable, disposable, and cheap. Essentially **not** valuable. No morality is involved in taking care of it."

But perceptions of "cheap" can float free of the lowest prices. In British and American publishing in the 1980s, a game called "vertical integration" is being played for all it is worth, as paperbackers set up more hardback imprints, hardbackers set up paperback imprints, and publishing groups expand and merge. More and more titles are being issued in "B-format" — editions (in smaller print runs) produced in a larger size, used to distinguish what are regarded as the "literary," serious and "valuable" paperbacks from the A-format reprints.

Known as "trade paperbacks" (or even odder, "the new hardbacks"), these often are published simultaneously with their hardback original — printed on the same quality of paper, at the same time, on the same machine. They retail at half the price of a hardback; about twice the price of a mass-market paperback. They spin from the paperback houses in a flurry of new colophons, too: King Penguins, the Picador imprint (from Pan), Black Swan (Corgi), Arena (Arrow). Flamingo, launched by Fontana a couple of years ago, started a classy list with two André Brink novels and Von Gogh's *Letters*.

Trade paperbacks look more serious. (They would be hardbacks if they dared — and publishing in B-format is, in effect, hardback publishing with its risks softened between larger print runs on the one hand and lower prices on the other.) At Penguin, the higher prices that can be charged for these "minority" paperbacks in new format make it possible to restore some axed literary titles to the backlist.

Paperbacks now represent nearly 80 per cent of Faber volume sales, and about 50 per cent of new title and backlist output. No longer the traditional hardback publisher with an in-house paperbacking facility, Faber has broken through to wholly flexible publishing: different books produced in different ways for their different markets.

The firm no longer sells out any paperback rights in Faber titles — and has never, for example, sold paperback rights in William Golding's books. Unlike most other authors, Golding has never had to share a percentage of paperback rights sales with his hardback publisher: they are one and the same. If vertical integration develops along these lines in British publishing, authors seem likely to welcome it with open arms. But for some publishers, still relying on an income from traditional paperback rights sales, or unable to make the capital investment in paperbacking, or both, the going could get tough.

Two very different kinds of publishing negotiation bracket 50 years of paperbacking: each, in its time, a symptom of radical change. The first, in 1934, was conducted and later described by Allen Lane, seeking licensing rights to reprint a batch of Jonathan Cape titles: "I went to see Jonathan and said: 'I want 10 to start with and 10 to follow.' I was offering then £25 advance per title on account of a royalty of a farthing a copy, payable on publication. He wrote back after a while saying: 'You can have them for an advance of £40 each, all payable on signature, on account of a royalty of three-eighths of a penny.' So I got them.

"Years later, when the trade was not very good, I was talking to Jonathan, and he said: 'You're the b . . . that has ruined this trade with your ruddy Penguins.' I replied: 'Well, I wouldn't have got off to such a good start if you hadn't helped me.' He said: 'I know damn well you wouldn't, but like everybody else in the trade, I thought you were bound to go bust and I thought I'd take £400 off you before you did.'"

The other deal, concluded this summer in New York, was for joint hardback/paperback rights in *The Seventh Secret*, Irving Wallace's new novel, for an advance agreed by Wallace's agent, Ed Victor, of well over $1m. Two years ago, in 1983, Victor negotiated the sale of rights in an earlier Wallace novel to the American hardback publisher, E. P. Dutton, which, in turn, sold its controlling interest in the novel's paperback rights to the New American Library imprint. Ed Victor says: "Earlier this year New American Library bought E. P. Dutton and so the negotiations for the new novel were treated on a joint basis — but guess who was in the driving seat this time? New American Library, of course."

Subsidiary rights, according to Victor, are no longer subsidiary. "The old categories are disappearing." In the book business in 1985, you could put it that way. Curiously, you could have put it that way in 1935, too.

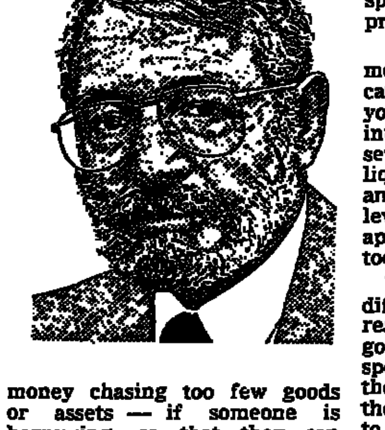
- Drawing by Beryl Cook, to be sold at auction of Penguin memorabilia on October 24.

- Books, Page X.

The Long View

The naked emperor of Threadneedle Street

A Bank of England "bill mountain" shows a distortion in monetary policy. Anthony Harris explains why, and suggests that the approach, having failed to impress investors, will have to be re-thought.



IN AUGUST, when we get a welcome rest from politics, Opec meetings and other such sources of financial shock, the young gentlemen who write brokers' circulars about gilts— the ones who run the country, according to Mr Denis Healey— have some time for reflection. In most years this produces an interesting variety of view, but this year there is a remarkable unanimity. British monetary policy, all analysts seem to agree, is now irredeemably crazy.

What has finally stuck in everyone's throat, of course, is the bill mountain, whose existence proves that monetary policy is crazy in much the same way as the butter mountain says volumes about the EEC farm policy. The sheer size of the thing is hard to grasp: the Bank of England has now, in effect, lent some £17bn — seventeen thousand million pounds, to spell it out — mainly to industry, by buying bills from the commercial banks.

This is about half the total lending by the banking system, which is why the Bank of England has become known to its critics as lender of the first resort: an odd way to impose credit restraint. It also has some odd implications. For example, the Government could finance all its planned spending which is not covered by tax revenue for the next ... years, simply by calling in its loans.

It is all short-term lending, so the claims tend to mature at a rate approaching £1bn on every working day. If the Bank simply raked in this money, the system would become desperately short of cash, so it all has to be lent out again; and this is, indeed, the major event of each day's trading. This can hardly be what the Government meant when it said it would leave interest rates to market ... you may be wondering, did a set of highly expert officials, who are certainly sober and presumably sensible, get themselves into this extraordinary trap, where supposedly free markets are run entirely on the seats of their elegantly striped trousers? To understand that, we must go right to the roots of British monetarism.

Monetarism starts from the apparently commonsense proposition that you will only get financial inflation — too much money chasing too few goods or assets — if someone is borrowing, so that they can spend more than they earn: and in addition that borrowing through the banking system is the only kind that need cause worry.

The reason is simply that if you make me a personal loan of, say, £1,000, I have the money and you have an IOU which you know you cannot spend. However, if the bank we both use employs your deposit to finance a loan of 1,000 to me, we both have the money to spend, and it may chase up prices.

If, then, the growth of bank money is a good forward indicator of future spending, then you can use it as a signal for interest rate policy, or you can set up a system to control the liquidity available to hte banks and let rates find their own level. That, in theory, is the approach since Mrs Thatcher took office.

British practice is very different for a whole list of reasons. Bank money is not a good forward indicator of spending trends in Britain, though it works quite well in the U.S. — or at least, it used to. The banking system is not even the biggest creator of personal spending power in this country; the building societies are bigger, and we don't count them. In any case the British system of overdrafts (combined with the growth of credit cards) means that money is not borrowed in advance of spending, but created in the act of spending. Money growth is a simultaneous or even lagging indicator: as a guide to policy, it is a bit like driving with your eyes fixed in the rear view mirror.

Most important of all, the politicians have never been willing either to raise interest rates ruthlessly when the money figures were flashing red (and quite right too, in British circumstances) or to control bank liquidity and let rates find their own level. Instead, we have developed a peculiarly British system of financing bank loans without adding to bank deposits.

Technically, this has been quite simple. When the banks were first freed from direct lending controls in 1971, they held a bill mountain of their own — a mountain of Treasury bills and gilts which offered the only profitable outlet for their cash when they reached their commercial lending ceilings. As soon as monetary targetry was introduced, after the Anthony Barber free-for-all, the authorities started buying in these bills.

As a result the banks had cash to lend, but the public held only part of this in cash, and the rest gilts. Credit grew much faster than money.

In due course the banks came down to a working minimum of government paper, and we had some nasty "crises" over the money supply until someone had the bright idea of over-funding —selling more gilts that were necessary to finance Government spending, and feeding the cash back to the banks by buying in their commercial bills.

If the system is crazy, then, it has been crazy from the word go. So why have City critics only now begun to call for the men in white coats? First, they are annoyed by having to dance to a tune played in Threadneedle Street, partly because the Bank's prestige has, for quite other reasons, fallen alarmingly low. In addition, gilts funding has run into a problem of its own: all the investment demand recently has come from foreigners, so sales do not mop up money held by British citizens. The technique can no longer be relied on even for purposes of window-dressing.

Now remember what Mr Healey said: the whole purpose of monetary control was to impress investors and please the young men who write circulars. If they are now pelting the performers with rotten eggs, it is time the show was taken off. The signs are there; we are officially told that M3, the great shibboleth of the last decade, is not at the moment a reliable indicator, a prelude, surely, to a decent final curtain. Stand by for the next surprise attraction.

•CONTENTS•

• MARKETS •

BP interim results fuel hopes of bumper payout

AFTER A sluggish start to the week the market burst into life on Thursday afternoon driving the 30-Share Index back above the 1,000 level for the first time since the beginning of June. Shares continued to push ahead yesterday and it proved to be an exceptionally strong end to the three-week account, leaving equities virtually at their all time high.

There was clearly some buying for the new account while strong rises by the bid favourites such as Distillers, Thorn EMI and even Lucas helped to maintain the momentum but perhaps the single biggest feature behind Thursday's surge was the interim figures from BP.

BP's second quarter, with net income up by 14 per cent against the previous three months, was stronger than the analysts had anticipated but it was the 20 per cent increase in the dividend which really caught the market's attention. The group is sworn to a high return and shareholders were quick to read that percentage increase as a pointer to the full year payout suggesting a yield of 9 per cent.

Even those who say that Shell is the more attractive of the UK's old-time oil duo have to admit that BP is offering a very attractive return. And with the sector generally stronger as we move into winter BP's shares look capable of pushing ahead to well over 600p.

The trouble for BP is that even though its earnings growth has outpaced that of Shell over the past eighteen months, the analysts peer into the future and say they cannot see where the earnings growth is going to come from beyond 1986. Shell, on the other hand, is positioned to show a good upward earnings curve on rising oil production.

So, the argument runs, while BP is undoubtedly financially strong, on a long term view Shell has to be the better proposition. And even with its good yield, if BP's shares reach, say, 620p they could run into some profit taking as funds switch into Shell.

While the market was pushing forward on Thursday, Asda's price was slipping the other way despite what appeared to be a reasonable, if unexciting, set of full year figures. Pre-tax the food retailer was up from £104.6m to £119m. MFI, which was not consolidated, rose from £39.1m to £44.5m. Both companies had their problems. For Asda the miners' strike undermined spending at many of its stores while MFI stumbled over a poor kitchen range.

What rocked the price was not so much the figures, however, as some very cautious views emerging from the company's own brokers, Scrimgeour Vickers, who had after all been instrumental in the merger of Asda with MFI. The broker cut its forecast for the current year from £185m to £175m pre-tax for the enlarged group which surprised others in the City. And with the company reluctant to say much at all about prospects *it is not surprising* that some investors were a touch caustic.

Nevertheless whether Asda's own brokers will be proved right at £175m or other analysts predicting £190m will end up nearer the mark, the point is that Asda's shares should not slip much further before they are perceived as cheap. And naturally brokers can change their forecasts.

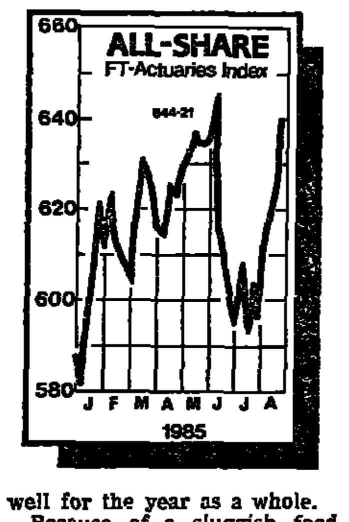
Asda, with its design consultants, is busy improving its

London

stores. The layout will be restyled to get customer flow right and encourage the sort of impulse buying which can do wonders for gross margins. The group will also turn its attention to its product range, possibly introducing more own-label items.

There is a lot of work to be done to increase the return from its outlets but even if *spending in the mining communities* never recovers to the level of pre-strike days, Asda's stores should be capable of a lot more profit.

Meantime, Allied Carpets is going from strength to strength *and while MFI may have got off* to a sticky start, with strong physical growth it should do



well for the year as a whole.

Because of a sluggish food side, the group may report nothing more than a modest *improvement in interim profits* but even if the benefits of the merger take longer than anticipated to show through, the marriage should be proven right eventually.

Elsewhere, on the bids front, United Newspapers has struck out with a £286m bid for Fleet Holdings following last week's *Monopolies clearance. United,* which already owns just over 20 per cent of Fleet, has come forward with a paper offer of 11 of its shares for every 10 Fleet. A cash alternative of 302.5p per share is also on offer.

There is, of course, a long way to travel in this struggle but from the outset the offer *seems nowhere near good* enough. Indeed Fleet could be too expensive for United's shareholders' own comfort. The best possible scenario from their point of view is probably for a third party to enter the ring and to sell their 20 per cent stake at a good profit.

The interim reporting season for the building materials and contracting and construction sectors got under way in earnest this week. Taylor Woodrow, Amec, Marley and Blue Circle have all reported and, apart from Taylor Woodrow, all have announced a drop in interim profits to varying degrees.

That trend was only to be expected as the trading background had been far from bright, even before some very poor weather in the first quarter blighted UK activity. High interest costs have taken their toll and the strength of sterling over the six months has cut deeply into the contribution from overseas subsidiaries. For example, from the beginning of the year to the end of June the pound appreciated 40 per cent against the Australian dollar. No matter how hard Blue Circle's antipodean subsidiaries try, they can hardly compensate for that disadvantage.

Share price reactions to the published results, however, have *been all over the place.* While Marley's profits collapsed by two-thirds to £5.1m, its price inched ahead by 1p to 77p. Amec, reporting on the same day, saw its market value drop by 6 per cent in response to a *£2m profits decline to £9.7m* pre-tax. Blue Circle's profits eased by £2.6m to £45m and yet its shares shot forward by 32p to 523p immediately after the announcement. If ever there was an object lesson in the benefits of talking down over-optimistic market forecasts ahead of the event this week provided it.

Yet knee-jerk reactions apart the trend for both the materials and contracting sectors must be read as broadly positive. Over the last couple of months both sectors have risen by more than 13 per cent—double the advance of the All-Share since the end of June. In fact this only represents *a small uptick in a long* run of underperformance and if the latest batch of results can be set aside the industry must surely be one to outperform over the next year to 18 months. If you consider how governments stimulate activity ahead of elections fairly modestly rated construction companies have obvious attractions.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	1,013.9	+22.5	1,024.5	911.0	Pleasing company news/bid speculation
FT Gold Mines Index	290.7	−20.6	536.9	280.1	S. A. trading suspended until Monday
AMEC	237	−19	280	236	*Half-year profits below estimates*
Argyll Group	313	−15	332	250	Acquisition rumours
Associated Dairies	136	−14	166	132	Disappointing annual results
Bowater Industries	330	+20	330	215	Speculative buying
BP	587	+40	587	473	Better-than-expected interim figures
Consolidated Gold Fields	408	−29	562	400	Large South African interests
Distillers	360	+47	360	270	Persistent speculative demand
Emess Lighting	285	+45	285	172½	Expansion plans
Enterprise Oil	202	+14	207	156	Speculative buying
Fleet Holdings	364	+26	367	193	United Newspapers bid rejected
Friedland Doggart	310	+95	315	162	Agreed bid from MK Electric
Geers Gross	81	+11	170	60	Boardroom shake-up
Ladbroke	299	+17	300	242	Excellent interim results
Lucas Industries	340	+17	340	246	Revived U.S. bid hopes
McAlpine (Alfred)	268	+18	296	232	South African subsidiary sold
Majedie Investments	140	+26	150	114	Proposal for investment trust status
Porter Chadburn	208	+48	208	102	Rumoured bid from G. M. Firth
Thorn EMI	419	+43	484	300	Holmes a Court stake rumours

Microvitec climbs off the floor

WHEN AN expected piece of bad news *actually materialises,* the result often is relief. At least, that was the case when Microvitec, one of the most spectacular tumblers in the electronic sector, this week announced pre-tax profits less *than one-third of the figure for* the first half of last year.

The shares, which had crashed to a low of 37p as the company leaked its poor results prematurely on to the market last month, are now well off the bottom at about 43p.

There are two ways of looking at Microvitec's future and, *on either reading, the present* price is silly. Either the company will overcome recent problems and re-establish itself as a leader in a market that is still growing very rapidly; or it will lose out against fierce competition and go the way of Acorn Computers. In one case, the shares are much too cheap; in the other, they are worth nothing at all.

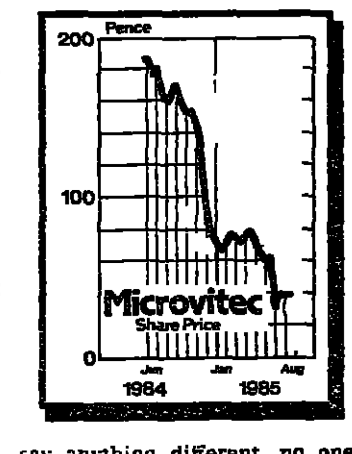
However, in neither case will the shares be worth anything near the 180p at which Microvitec joined the USM scarcely more than a year ago. Then, electronics shares were looked on as high fliers; and Microvitec, hitting investor *enthusiasm at its peak,* was received rapturously on a price-earnings ratio of 35, three times the market average.

The successful story is — hardly surprising — the version the company prefers.

"We haven't done well and shareholders have every right to feel bitter. But now we are *getting our heads down* and I feel optimistic about our future growth," says Tony Martinez, the chairman.

Martinez thinks most of Microvitec's recent troubles have stemmed from its transition from "a workshop into a corporation." Now, he says, the company has a strong team of top management following the appointments over the past two months of new directors in charge of finance, sales and marketing.

Martinez points to the near-50 per cent rise in turnover this year as evidence of the strength of the market. Much of the fall in margins, from nearly 25 per cent four years ago to 5 per cent now, is due to the high costs of developing new products and should, therefore, not be regarded as permanent, he argues.



But Michael Whitaker, *electronics analyst at Simon and* Coates, takes the opposite view and thinks that the company might as easily be bankrupt within three years.

Microvitec grew spectacularly quickly by identifying the market for colour monitors for microcomputers. After developing its first monitor in 1980, four years later the company was selling 80,000 a year and had more orders than it could cope with.

Whitaker fears that, far from being the secure niche that the City had thought at the time of the flotation, the market for monitors has now got big enough to be attractive to the world's mighty manufacturers of television sets. Because a monitor is little more than a TV with about £20 of extra circuitry, they would compete from a position of great strength. Thorn EMI has already started production, and others may follow shortly.

Despite the confidence with which Whitaker holds this view, he does not expect to make many converts in the City. "Investors are still pretty unsophisticated, and rely entirely on what a company says. If you say anything different, no one believes you," he complains.

Microvitec, however, would reply that it expects to beat the competition by mounting a three-pronged attack. First, it is aggressively pursuing export markets, and sold £1.3m worth of monitors abroad in the first half compared with £100,000 in 1983.

Second, it is increasing the number of specialised monitors it builds for computer manufacturers to be incorporated into a full system. The largest such deal so far has been with ICL, and is worth about £4m.

Finally, it is diversifying away from monitors into more expensive colour terminals for business computers. This could be the most important tack of all: it will be a year at least before shareholders can expect to know whether the Martinez strategy is working. Until then, the shares are likely to drift, reflecting as much hunch and guesswork as economic reality.

Another share price that analysts might find difficult to justify is that of Aberdeen Steak Houses. The issue attracted some of the worst publicity of any USM newcomer; yet, it has been one of the market's greatest successes since the spring. Placed at 67p three weeks ago, the shares are now at 88p.

Lucy Kellaway

USM
UNLISTED SECURITIES MARKET

Cars put brake on insurance

ATTENTION this year in the insurance sector has been concentrated on recovery prospects for the industry, particularly in the UK. When two more major insurance groups — Guardian Royal Exchange and Sun Alliance — report their interim results on Wednesday, the market will have a better idea of the situation.

Results seen so far in the sector indicate that prospects in the U.S. look good but companies still are having problems with British-based operations. This applies particularly to GRE and Sun Alliance: their largest operating territory is the UK.

One major problem area in the UK is the motor account, where the industry has been hit by an inexplicable rise in claims. GRE and Sun Alliance both are leading motor insurers, the latter since it acquired Phoenix Assurance last year, and their underwriting losses could climb at least 50 per cent to around £15m each.

The second problem was the *severe weather at the start of* the year. Sun Alliance hard is the biggest house insurer in the UK and the big freeze-up could cost it another £20m in underwriting losses. GRE will be hit less hard by the weather but these two factors could be a major influence in GRE's UK losses rising by a third to £40m and Sun Alliance losses almost doubling to £54m.

Operating conditions in Canada have turned very sticky and deterioration there will be the main influence on overseas results, with losses for both *companies tripling to around* £8m. U.S. losses should rise slightly but this is expected to be the nadir of the downturn there. Overall, GRE's underwriting losses are expected to rise more than *50 per cent to near £70m and* SA's by a similar amount to £103m.

Higher investment income should cover GRE's losses and lead to halved pre-tax profits of around £28m, but Sun Alliance's investment income will be affected by its cash acquisition of Phoenix and pre-tax profits of £5m are expected.

Shareholders can, however, look forward to slightly higher *dividend payouts*—9p against 8.5p for GRE and 6p against 5.75p for Sun Alliance.

BICC is unlikely to buck the gloomy electrical and electronics trend when it reports on its half-year to June on Wednesday. Balfour Beatty will probably show a useful improvement and BICC Cables will no

Results due next week

longer be showing heavy rationalisation costs, but two major negatives affect the remaining divisions.

BICC Technologies will have been badly hit by the downturn *in demand for personal computers* and Boschert, the power supply manufacturer, is likely to have turned in a loss. Meanwhile, BICC International has suffered from adverse exchange rate movements, most seriously *in earnings from Metal Manufacturers* of Australia, which normally accounts for more than 20 per cent of net attributable profits.

Market forecasts range from £38m to £45m, but the consensus is for a decline to £39m overall against £42.5m last time.

Exco, with its 52 per cent stake in Telerate replaced by a large pile of cash, is now a rather *different company* from the one whose interim results are to be reported on Tuesday. The City is expecting to see profits of about £43.5m (£33.1m) with about £29.3m coming from Telerate. The exact Telerate contribution depends on whether Exco has switched from using year end *to average exchange rates.* If the switch has not been made, profits could be some £2m-£3m lower.

Exco's other businesses probably had a mixed first half. Gartmore is expected to have *had a difficult time* with its high-tech funds and might produce no contribution at all. WICO, on the other hand, should have done well out of the buoyant Hong Kong markets even though the movement *in the Hong Kong dollar* has been adverse over the period. Money broking should advance even over an *excellent* 1984 outturn, although there may be signs of lower margins on foreign exchange brokerage.

Sir Jeffrey Sterling achieves his long-awaited ambition of presenting the first combined results of P & O and Sterling Guarantee Trust on Wednesday. The enlarged P & O's interim *figures for the first half* of 1985 inevitably will bear little similarity to what has gone before, especially as the two companies previously had separate year-ends. Moreover, it is not clear how P & O will account for SGT, which was formally merged only in March.

The City is cautiously expecting to see pre-tax profits of between £45m and £50m, but *it will probably* be equally interested in Sir Jeffrey's account of how the two companies are working together, and what changes the SGT management is planning for P & O. One example of the fruits of the merger is the £100m Chelsea Harbour plan, where SGT's property development skills are being linked with Bovis's housebuilding experience.

Frank Kane
Lucy Kellaway
Eric Short
Richard Tomkins
Stefan Wagstyl

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Associated British Engineering	Wednesday	0.358	—	—
Bracken Mines	Thursday†	23.0	35.0	40.0
Cantors	Thursday	0.5	1.5	0.5
Coloroll Group	Tuesday	—	—	—
Cope Allman International	Wednesday	2.0	2.25	2.7
Copson, F.	Monday	—	1.5	—
Framlington Group	Friday	—	—	3.0
Kinross Mines	Thursday†	87.0	108.0	150.0
Land Investors	Tuesday	0.2	0.8	0.3
Minerals Oils & Resources Shares Fund	Tuesday†	21.0	19.0	15.0
New Danen Oil Trust	Monday	—	0.325	—
Pacific Sales Organisation	Wednesday	—	32.17	—
Peerless	*Friday*	2.1	4.2	2.1
Raglan Property Trust	Monday	—	0.085	—
Ricardo Consulting Engineers	Tuesday	0.875	1.625	0.875
Second Alliance Trust	Friday	3.25	9.25	5.0
Charles Sharpe and Co.	Wednesday	2.0	6.75	2.0
Sime Darby Berhad	Monday‡	4.0	6.8	4.0
Stewart Plastics	Wednesday	0.7913	1.6367	0.88
INTERIM DIVIDENDS				
Beattie, James	*Tuesday*	—	*2.125*	
Benford Concrete Machinery	Monday	1.0	2.75	
BICC	Wednesday	3.5	7.04	
Brammer	Tuesday	2.5	5.25	
Brook Street Bureau	Monday	1.0	3.0	
Bunzl	Wednesday	3.25	4.25	
Cadbury Schweppes	Thursday	1.6	4.3	
Cement-Roadstone Holdings	Wednesday	1.0	1.7	
Centreway Industries	Thursday	0.1	—	
William Collins	*Thursday*	*4.0*	*9.0*	
Cookson Group	Thursday	4.25	—	
Crouch, Derek	Friday	1.83	3.762	
Exco International	Tuesday	1.41667	1.58883	
Executex Clothes	Friday	—	—	
Family Investment Trust	Wednesday	2.5	4.4	
Ferogbrook Group	Thursday	1.2	2.0	
Guardian Royal Exchange	Wednesday	8.5	17.5	
Hillsdown Holdings	Wednesday	—	2.8	
Hyman, I. and J.	Tuesday	0.5	1.0	
IMI	Monday	2.0	2.5	
Instem	Thursday	—	0.5	
KCA Drilling Group	Monday	0.5	1.5	
Keep Trust	Thursday	0.375	0.375	
Kleinwort Benson, Lonsdale	*Tuesday*	*5.0*	*9.0*	
Lambert Howarth	Tuesday	1.25	3.54167	
Linread	Thursday	1.0	0.5	
London and Scottish Marine Oil	Tuesday	4.5	7.7	
MacFarlane Group (Clansman)	Monday	0.92	1.2375	
Metal Closures	Tuesday	2.2	4.5	
Moorgate Group	Thursday	—	—	
Paper Systems	Wednesday	—	—	
Peninsular & Oriental Steam Navgn. Co.	Wednesday	5.0	9.0	
Pentos	*Thursday*	—	*0.35*	
Provident Financial Group	Tuesday	3.5	7.0	
Rushbrook Holdings	Wednesday	0.6	1.3	
Robinson Bros (Ryders Green)	Wednesday	—	—	
Rotaprint	Thursday	2.25	4.0	
Sage and Prosper Gold Fund	Monday	—	—	
Sharpe and Fisher	Tuesday	0.61	1.64	
Sun Alliance and London Insurance	Wednesday	—	—	
Systems Reliability	Tuesday	1.32	2.88	
Wace Group	Tuesday	—	—	
Wadkin	Thursday	2.0	1.0	
Webb City of London Properties	Tuesday	—	0.53	
Wayne Kerr	Thursday	—	—	
Wilson (Connolly) (Holdings)	Wednesday	4.0	8.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Sen per share.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (See notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.00	6.09	4.79	3.48	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	7.69	7.91	6.22	4.52	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-200/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.69	8.88	6.98	5.07	half yearly	1	2,500 minimum	7
Schroder Wagg	8.40	8.73	6.86	4.99	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	10.60	7.18	5.48	3.78	half yearly	4	—	0
11% Exchequer 1990	10.55	7.24	5.58	3.93	half yearly	4	—	0
10.25% Exchequer 1995	10.71	7.53	5.94	4.36	half yearly	4	—	0
3% Treasury 1987	8.49	7.46	6.94	6.43	half yearly	4	—	0
3% Treasury 1989	8.55	7.42	6.86	6.29	half yearly	4	—	0
Index-linked 1988¶	9.91	9.19	8.83	8.46	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
Adams & Gibbon	310§§	298	236	5.58	BSG Intl
Applied Botanics¶	1½§§	1½	[illegible]	0.74	[illegible]
Bell (Arthur)¶	266	200	192	351.78	Guinness
Capital Gearg Tst	85†	89	75	1.90	[illegible]
Cartwright R.¶	179§§	165	163	12.01	[illegible]
Christie-Tyler	65*	65	45	6.25	[illegible]
Cole Group	200	228	184	6.00	[illegible]
Debenhams¶	341	330	327	478.05	Bur[illegible]
Fleet Hldgs	332‡	364	345	224.16	Utd [illegible]
Friedlnd Doggart	320*	310	215	16.64	[illegible]
IDC Group¶	306§§	288	186	29.71	[illegible]
Morgan Comms	135*	132	102	9.50	[illegible]
Noble & Lund	30*	30½	29	1.71	[illegible]
Nottingham Man	309	308	233††	240.63	[illegible]
Phillips Patents	57§	53	54	2.31	[illegible]
Regentcrest¶	27½*	28½	26	4.24	Mess[illegible] Richa[illegible]
Resource Tech	52½*	52	40	6.94	Inspe[illegible]
Saxon Oil	540*	545	510	120.57	Enterprise Oil
Security Centres	127½§	122	100	30.29	Automated Security
Selincourt¶	24	21½	28½	12.42	Stormgard
Sharpe (Charles)	570*	545	395	10.26	Booker McConnell
Somportex	28¼*§	51	27	0.79	Messrs N. Wray & C. Mattock
Synterials	12	11	8	22.42	BBA Group
Towngrade Secs	32½*§	36	37	1.67	Milbank Dev
Vectis Stone Grp	60*	57½	55	8.34	Bardon Hill
York Trailer¶	45*	43	32	4.96	Utd Parcels

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on August 30 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airship Ind	June‡	993	(5,600)L	—	(—)	—	(—)
Assoc Dairies	June	119,000	(104,610)	8.3	(7.5)	2.75	(2.5)
Blair, George	Mar	452	(275)	—	(—)	—	(—)
Bryson Oil & Gas	Dec	45	(21)	0.7	(0.3)	—	(—)
Bgd-Pelepah Ord	Mar	253	(330)	1.3	(1.9)	0.3	(0.3)
Bgd-Pelepah "A"	Mar	253	(330)	1.3	(1.9)	0.6	(0.6)
Fobel Int	June	4,490L	(3,150)	—	(—)	0.4	(2.65)
Hrvy & Thmpsn	June	445	(404)	8.5	(9.4)	4.0	(3.5)
Kennedy Smale	Mar	584	(561)	8.5	(10.7)	—	(—)
Press Tools	Apr	338	(138)	10.6	(5.0)	2.65	(2.15)
Samuelson Grp	Mar	2,900	(1,370)	13.3	(6.4)	1.8	(1.33)
Worthington, A. J.	Mar	270L	(258)L	—	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alida Hldgs	June	1,000	(541)	3.25	(—)
Amec	June	9,700	(11,600)	4.0	(4.0)
Ault & Wiborg	June	332	(202)	—	(—)
Babcock	June	15,040	(16,020)	4.0	(3.7)
Blue Circle	June	45,000	(47,600)	6.0	(6.0)
Braime, TF & JH	June	46	(51)	1.5	(1.5)
British Petrol†	June	859,000	(630,000)	12.0	(10.0)
Cambridge Elec	*June*	5,270	(5,040)	2.2	(2.07)
Dewhirst I. J.	July	2,300	(1,830)	0.28	(0.24)
Dickie, James	Apr	46	(3)L	0.5	(—)
Dufay Bitumastic	June	320	(317)	1.0	(1.0)
Federtd Housing	June	770	(506)	1.1	(1.0)
Goode, Durrant	Apr	466	(880)	—	(—)
Johnson Grp Cln	June	3,830	(2,720)	4.2	(3.18)
Ladbroke Grp	June	25,500	(14,200)	5.0	(4.48)
Lec Refrigeration	June	1,320	(2,130)	4.0	(4.0)
Maclellan, P. & W.	June	258	(176)	0.7	(0.6)
Marley	June	5,140	(14,800)	1.4	(1.4)
Microvitec	June	535	(1,520)	0.5	(—)
Neill, James	June	2,500	(1,380)	2.5	(1.5)
Palma Grp	June	60L	(409)	0.75	(0.75)
Pentland Ind	June	19,640	(2,500)	0.34	(0.17)
Richards (Leic)	June	144	(197)L	1.0	(—)
President Enter	June	423	(263)	0.67	(—)
Scottish Agri Ind	June	800	(1,800)	6.5	(6.5)
Sherwood Comp	June	339	(191)	1.0	(—)
Slough Estates	June	19,900	(15,100)	2.2	(1.8)
Stanley Hldgs	July	975	(646)	1.0	(1.0)
Stat-Plus Grp	June	675	(461)	1.0	(0.5)
Taylor Woodrow	June	14,670	(13,110)	4.0	(4.0)
United News	June	19,260	(15,670)	6.0	(5.5)
Weir Grp	June	3,790	(2,430)	0.75	(0.38)
Williams Hldgs	June	2,690	(1,869)	—	(—)
Wood A.	June	11L	(168)	—	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. ‡ 15 months' figures to June 30 1985. † Profits after tax. L Loss.

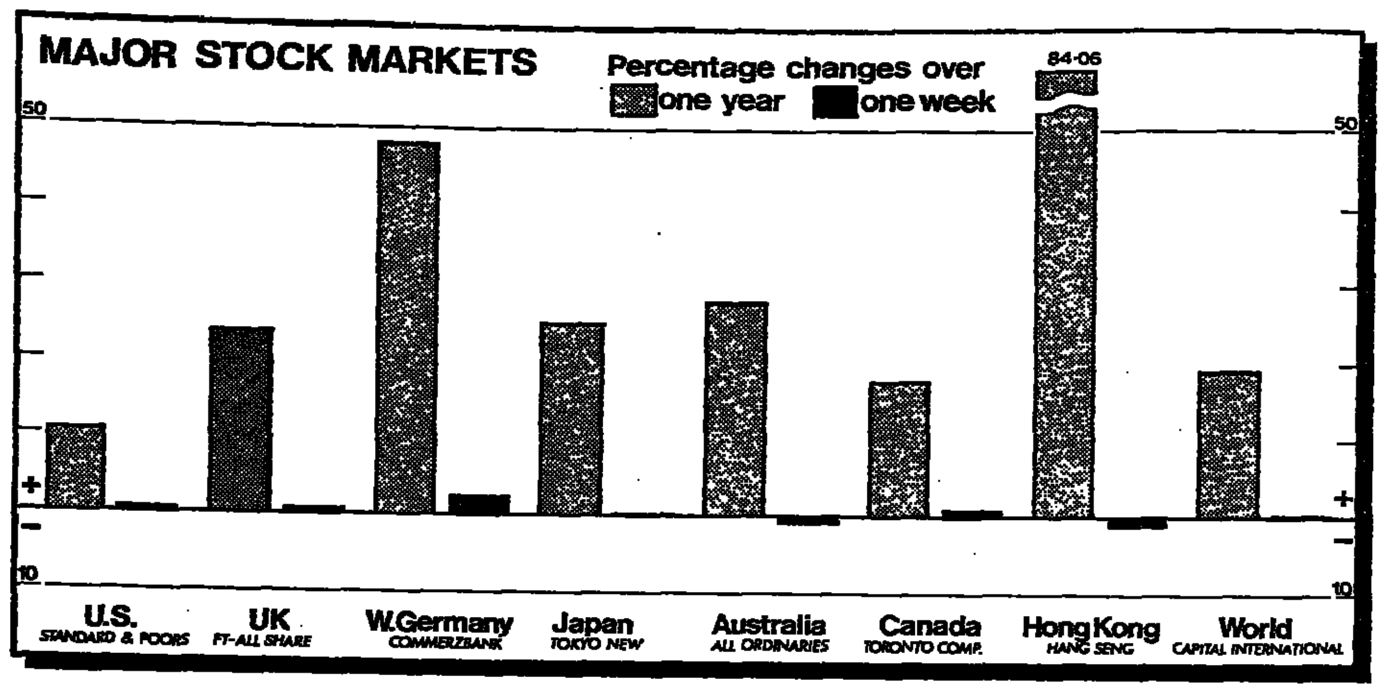
RIGHTS ISSUES

Emess Lighting—Is making a three-for-four rights issue at 210p per ordinary share.

Greenfield Blacks—Is raising £3.8m in a two-for-one rights issue at 11p per share.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Jack L. Israel—USM placing of 15m shares at 20p each.



Boomtime back as paralysis ends

ANYONE with enough courage or prescience to invest in the Hong Kong stock Markets at the end of July last year would in all likelihood today be boasting profits of between 100 and 200 per cent, making the British Territory the most lucrative equity market anywhere in the world during the past year.

Obviously, there were extraordinary circumstances underlying an improvement on such a scale. For one thing, the successful completion of negotiations between China and Britain over the restoration of Chinese sovereignty in Hong Kong after 1997, brought to an end three years of chronic and paralysing uncertainty.

Over that three-year period, which began with a disastrous collapse of the local property market, there were two serious "runs" against the Hong Kong dollar as local people detected clashes between Chinese and British negotiators in the secret talks.

The Hang Seng Index, the stock market's main indicator, hit a "triple bottom" during that period, with a low of 676 points in December 1982. That marked the lowest ebb for the Hong Kong Stock market since 1967, when politically-inspired riots spilled over from China during the Cultural Revolution.

Publication of the draft Sino-British agreement in September last year provided firmer assurances on Hong Kong's "stability and prosperity" after 1997 than most had dared to hope for and rapidly evaporated. Investors politically-inspired uncertainties turned their attention to the fundamental strengths underlying the economy that had largely been ignored for three years, and the scene was set for a rally of epic proportions.

While the recovery of stocks has been selective, focused mainly on companies with substantial property interests and on groups that have been the subject of takeover interests, it would have been an unlucky investor who has not doubled his money over the year.

Twenty of Hong Kong's 36 most actively traded stocks have more than doubled their price over the period. The star performers have been Hang Lung Development, a property group with a share price now five times what it was at the end of July 1984; and Shaw Brothers, the film-maker, whose shares have more than quadrupled in value.

Properties have attracted the lion's share of investor interest; in part because shortages in supply of most kinds of property have emerged since development ground to a halt after the collapse of the market in 1982, and in part because pent-up demand for property has at last been released.

Two years of strong economic growth have boosted the real incomes of middle-class families in Hong Kong to a level where they can once again afford to buy a home. In addition, mortgage rates have tumbled in line with other local interest rates.

Stock market analysts say there is no sign yet that investor interest in property shares is likely to flag. Since these account for about 40 per cent of the capitalisation of the Hang Seng Index constituent stocks, this means properties will provide a strong driving force for the market as a whole for some time to come.

Market buoyancy would have been more restrained if Hong Kong's economy had not performed so strongly in the recent past. Domestic exports grew by 32 per cent in nominal terms between 1983 and 1984. Exports to the U.S.—by far Hong Kong's most important market—grew by 40 per cent. Hong Kong's trade with the Chinese mainland has also boomed: exports rose by 55 per cent, while re-exports soared by 76 per cent. There is full employment, with inflation falling below 5 per cent. Real economic growth in 1984, as measured by the gross domestic product, amounted to 9.6 per cent.

A significant part of the new investment fuelling the rise in stock market prices has come from the South-East Asian states of Singapore, Malaysia and Indonesia, where stock markets have been seriously depressed recently. These investors have emerged particularly strongly since the fiercely contested bid for

Hong Kong

Wheelock Marden in April this year. The first bidder for Wheelock was Khoo Teck Puat, the prominent Singapore-based financier. Mr Khoo eventually failed in his bid but South-East Asian investors took careful note of his interest in the market and have followed his lead.

U.S. and European institutions have been steady investors, but have in recent months sold as much as they have bought. Hong Kong accounts for about 1 per cent of the world's equity capitalisation, but many institutions find themselves with up to 5 per cent of their portfoios in Hong Kong stocks—too high an exposure for prudent portfolio management. As a result, paradoxically, they have remained confident in the market but have been selective sellers.

Local investors have been more cautious in returning to the equity markets. There is no sign of the amah or taxi-driver rushing in as they did late in the 1970s. Instead, investment is coming from the professional middle classes who are weighing carefully between equities or investments in bonds, U.S. dollar deposits or D-Marks.

In recent months, share prices have continued to rise despite clear signs of flagging economic growth and of serious problems for a number of local electronics and textile manufacturers as demand in the U.S. has stagnated. Trade with China also has faltered as Peking has tried to staunch a haemmorhage of foreign exchange. Stock market analysts insist that this downturn is unlikely to dampen confidence so long as it is not sustained far into 1986.

Corporate results in the months ahead are expected to show strong growth and no political upsets are foreseen. Investment is likely to remain selective—with local shipping, electronics and textile companies being left out in the cold, and most interest being focused on properties and banks—but it is a rare stockbroker who is not confident of steady growth over the coming months.

The next 12 months are unlikely to see price rises on a scale of those of the recent past. Nevertheless, most analysts are expecting the Hang Seng Index to rise before the end of the year from its present stable range of 160 to 1700 past the previous record high of 1810.20 recorded four years ago.

Beyond that, the market is in uncharted territory. Some analysts are even talking of the index motoring to 3000 during 1986, but most talk of a more modest 2100. Even if only the lower target is achieved, returns would be substantial and better than many other markets around the world.

David Dodwell

Unit trusts

The why should precede the which

ANYONE planning to invest in unit trusts faces an intimidating task. With nearly 750 authorised funds competing for attention, how do they know which to buy?

Choosing at random could either land you a dud—the difference between the best and worst funds over the past five years is almost 600 per cent—or an unsuitable trust.

The first step is to weigh up your financial position and investment objectives.

How much risk are you willing to take? That depends on what other savings or investments you have tucked away. If the money is "spare" capital there is no harm in trying one of the more volatile specialist sectors. If you are retired and need a safe, steady growth rate, a more general fund is better.

But whatever the fund, unit prices can go up as well as down; so it is wise to keep at least some cash secure on deposit.

How long do you intend to invest? You can make spectacular short-term gains from unit trusts—there is always a market somewhere roaring ahead and funds heavily invested in it will also shoot up. (Australian funds for instance, jumped an average 8 per cent in July and one rose by more than 22 per cent.)

But timing your investment righ is never easy. Whenever you switch between sectors you have to clear the hurdle of the 6-7 per cent bid/offer spread on the unit price before you can show a gain.

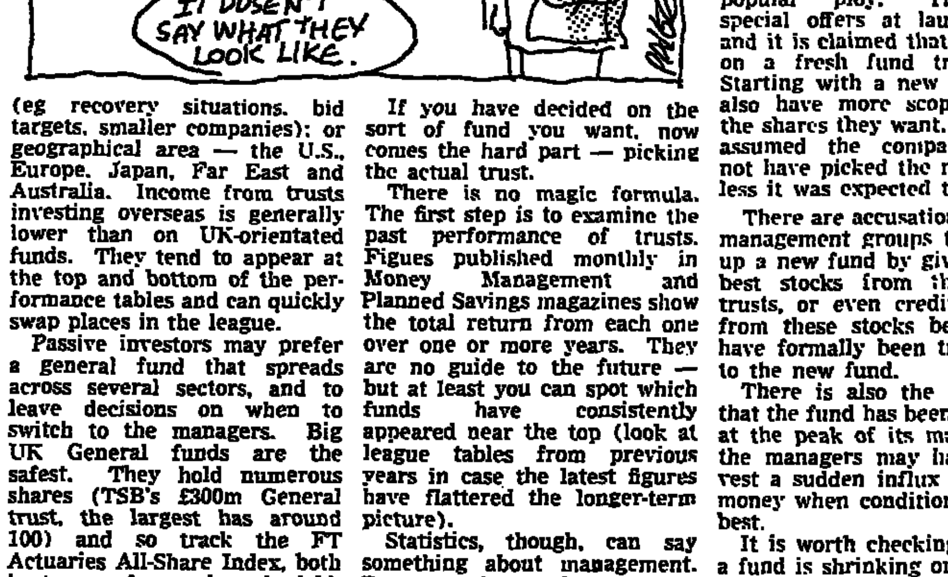
Unless you can keep a keen eye on the markets, a unit trust should be considered as a long-term investment (at least three or four years). Over that period most trusts should have moved ahead enough to give you a decent return, while the good and bad spells of a sector specialist should have balanced out in your favour.

So do not put money in unit trusts that you may need at short notice. It takes only three or four days to get cash out of the fund — but you do not want to be forced to sell when the units are depressed or have risen insufficiently to cover your costs.

Are you looking for capital growth, income or a combination of the two? Then your tax position is important. Unit trusts deduct 30 per cent tax at source before paying out dividends — higher rate taxpayers, 40 per cent or more — pay extra, while non-taxpayers can reclaim the money from the Inland Revenue. There is no capital gains tax inside the trust, only on the increase in the value of the units.

Nil-rate taxpayers, therefore, need have no qualms about choosing a high yielding fund. Others within the £5,900 annual CGT exemption limit, should consider a lower-yielding growth fund, unless they are eager to get regular dividend cheques.

Growth-seekers can also pick a portfolio of specialised trusts or opt for a more general fund. Specialised unit trusts concentrate on a particular market (gold shares, financials, commodity stocks); a type of share



(eg recovery situations, bid targets, smaller companies); or geographical area — the U.S., Europe, Japan, Far East and Australia. Income from trusts investing overseas is generally lower than on UK-orientated funds. They tend to appear at the top and bottom of the performance tables and can quickly swap places in the league.

Passive investors may prefer a general fund that spreads across several sectors, and to leave decisions on when to switch to the managers. Big UK General funds are the safest. They hold numerous shares (TSB's £300m General trust, the largest has around 100) and so track the FT Actuaries All-Share Index, both in terms of growth and yield. But if you do not want all your eggs in the UK basket, the general international funds offer the broadest overseas exposure — but you must keep one eye on the exchange rate risk.

Anyone seeking income has to decide between equity income funds, with a low starting yield but the potential of capital growth and therefore rising income, or a fixed interest fund which pays more to start but has poorer growth prospects. If you are relying on this revenue for more than four or five years, the former will keep better pace with inflation.

How much must you invest? Even with generalist trusts it is wise to spread your money across as many managers as possible. Most will not take lump sums of less than £500 per fund, though several groups now run regular savings plans for £10 a month — and there are no penalties for stopping or missing payments. Someone who can afford five or six trusts could include one or two risky specialists and still rest easy at night.

If you have decided on the sort of fund you want, now comes the hard part — picking the actual trust.

There is no magic formula. The first step is to examine the past performance of trusts. Figues published monthly in Money Management and Planned Savings magazines show the total return from each one over one or more years. They are no guide to the future — but at least you can spot which funds have consistently appeared near the top (look at league tables from previous years in case the latest figures have flattered the longer-term picture).

Statistics, though, can say something about management. By comparing each company's trusts with sector rivals, you can get an idea of how consistently the group has performed —vital for anyone planning to switch between funds in the same stable.

Beware of following last year's start performers. They may be past their best.

Take Japan trusts, a year ago they were dominating the league tables and were every marketing manager's favourite. But if you had jumped in then, by August this year you would have lost an average 10 per cent.

Ideally you should invest at the bottom of a market and get out at the top. What about buying this year's losers, on the grounds that they are due for improvement? Do not go for the sector worst trust — these have a tendency to keep going down, especially if investors are cashing in their units fast. It is safer to pick one of the better trusts in a bad sector — if the sector is rerated, at least he fund is managed well enough to go up too.

But anyone who has tried that with commodity or energy funds in the last two years is still waiting for the upturn. So study the market outlook first.

Another strategy is to buy small trusts — under £5m. Because their holdings are smal, they can be easily traded —and since the portfolio is likely to be concentrated, one big success can have an impact on the unit price. Some of the industry's top funds are tiny— the current number one, FS Assurance's Balanced Growth trust, is only £3m. But so are some of the worst.

Buying new funds is another popular ploy. There are special offers at launch time, and it is claimed that managers on a fresh fund try harder. Starting with a new slate they also have more scope to pick the shares they want. And it is assumed the company would not have picked the market unless it was expected to do well.

There are accusations too that management groups try to jazz up a new fund by giving it the best stocks from their other trusts, or even crediting gains from these stocks before they have formally been transferred to the new fund.

There is also the possibility that the fund has been launched at the peak of its market, and the managers may have to invest a sudden influx of savers' money when conditions are not best.

It is worth checking whether a fund is shrinking or growing, since if the managers are having to sell assets to meet redemptions, instability can set in. The trust's annual report should show this. Also look at the trust charges (usually 5 per cent of the initial investment and ¾ or 1 per cent annually), the spread between bid and offer prices (if it is much wider than 7 per cent, watch out), and, if it is investing abroad, whether it is protected against exchange fluctuations.

Martin Winn

Exit summer and enter optimism

U.S. SHARE prices drifted higher for much of this week ahead of Monday's Labour Day Holiday, which marks the official end of summer. After Labour Day holiday, which marks the official end of summer. After Labour Day, the kids go back to school and Wall Street investors will be taking a new look at the stock market.

Having lost close to 50 points since mid-July, the Dow Jones Industrial Average continued to rally this week for the second week running, although trading volume was light. Market experts say share prices have risen on the three trading days before Labour Day in 20 of the past 23 years, but caution that too much should not be read into the market's moves this week.

Next week's performance will be much more important and should give an indication of where share prices are heading over the medium term. The market, as measured by the Dow Jones Industrial Average, has bounced back from its recent low of 1312 and the 1350 level is the next testing poitn. If it breaks above this level next week, market professionals believe it could once again march into new high ground; but the bullish voices are more cautious than they were in mid-July when themarket appeared poised to jump through the 1400 level.

By Thursday evening, the Dow Jones Industrial Average was standing fewer than 25 points short of its all-time high of 1359.54, set on July 19; and the New York Stock Exchange Composite Index and the Nasdaq Composite, which tracks the 2100 over-the-counter stocks, were just 3½ per cent below their mid-July peaks.

The sharp fall in interest rates over the past 12 months has underpinned Wall Street's rise over the year. The Dow has risen by more than 9 per cent since end-August 1984, and the NYSE Composite Index is up by over 14 per cent. If the Dow was to rise by a similar amount over the next 12 months, it would take the average above the 1450 level.

The second-quarter profits of the Dow Jones stocks fell by 16 per cent, but Wall Street is betting that U.S. corporate profits are set for a sharp rebound over the next 12 months and this is the main plank of the bullish arguments for higher share prices. Much will depend on the course of the economy, and this is far from clear at the moment.

The latest economic signals coming out of Washington have been getting weaker and weaker, and this week's leading economic indicators for July were far from encouraging. Unless there is some pick-up soon, many analysts believe the Fed will be forced to bring interest

Wall Street

rates down further to re-ignite the economy.

Until the economic outlook is a little clearer, share prices are expected to drift, and the main activity this week has been in the takeover/special situation stocks. Top of the list has been Union Carbide, the beleagured chemicals giant. Ever since last December's Bhopal disaster, Union Carbide's management has been under intense pressure; and another nasty gas leak three weeks ago in West Virginia is straining its credibility. But Union Carbide's share price has been one of Wall Street's stellar performers.

After Bhopal, the company's shares slumped from \$49 to \$32¾ in a matter of weeks. This attracted the attention of canny investors such as the fabulously wealthy Bass brothers of Texas. Union Carbide shares rose by 25 per cent to \$46½ in the first six months of this year; this week they leapt again and, by Thursday evening, were trading at \$56¾.

GAF Corporation, which is better known as a corporate predator than a chemicals company, has bought a 9.9 per cent stake in Union Carbide, fuelling speculation that a takeover might be in the offing. On Wednesday, Union Carbide unveiled a major restructuring plan that many analysts believe is designed to insulate it from a hostile takeover. It is taking a one-time \$990m pre-tax charge and cutting its white collar work force by 15 per cent. But several analysts believe it might be too late to save the company, which has already been criticised by lawyers who are hoping to win substantial claims for clients allegedly injured by Union Carbide's accident-prone plants.

MONDAY	1317.65	− 0.67
TUESDAY	1322.47	+ 4.82
WEDNESDAY	1331.09	+ 8.62
THURSDAY	1335.13	+ 4.04

William Hall

Plan well ahead to avoid the traps

EXPATRIATES who want the convenience of "one-stop" financial planning" will find that many of the big banks, including the clearers, offer a range of expatriate services, such as the opening of overseas accounts and advice on tax, investments, wills, trusts, property, national insurance contributions, and pensions, all under one roof.

However, it is no use trying to sort out these arrangements over the counter of your local branch the day before you are due to go abroad.

Notify your branch in plenty of time and ask to be put in touch with the international division or trust branch which deals with expatriate affairs. Often, the detailed preliminary talk on putting your UK investments in order is free, and if you need to seek further assistance there is time to do so.

One thing to sort out a few weeks before departure is the setting up of an overseas acccount. You can either ask your bank to open a current account at your destination before you arrive, or you can take a letter of introduction from the bank and wait until your arrival.

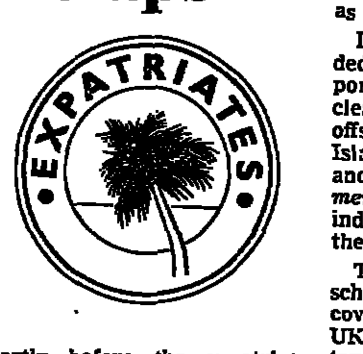
The latter course has the advantage of allowing you to choose a convenient branch when you know where you will be living.

If the bank has no branches in that town or country, the current account and plastic card arrangements can be made with a correspondent bank.

Banks are reluctant to lose a customer and will probably advise you to keep your UK current account open. It may still be useful to maintain a sterling current account to pay regular bills, such as insurance premiums and rates, and to keep a small cash reserve for emergencies. A high interest cheque account would probably be best.

Bank interest in the UK now has Composite Rate Tax deducted at source. However, an expatriate can sign a declaration of non-residence and qualify to receive the interest gross, although you will need to close the account in the tax year before you return if you are to avoid paying tax on the preceding year basis. One expatriate who failed to do so landed himself with a tax bill of over £2,000.

The alternative is to open an offshore account where interest is paid gross anyway and where the banks cater for expatriate needs, offering such frills as numbered accounts and advice on setting up offshore companies. An offshore account should be closed



shortly before the expatriate returns to the UK.

General advice on some of the simpler expatriate tax problems, residence status, how to qualify for 100 per cent relief on overseas earnings, what to do before returning to the UK is often given free by the bank's trust department or expatriate advisers, whereas more complicated problems may need to be referred to specialist tax advisers — for a fee.

For example, Lloyds Bank says that if you simply wanted advice on residence status and assistance in sending off a P85 form (for a tax rebate), that would probably be free, whereas if you wanted the bank to arrange for the letting agent for his UK property to collect rent gross (instead of deducting tax at source, which hinders cash flow), the charge would be calculated on a time-cost basis and could be as much as £100.

Likewise, charges may be deducted for investment and portfolio management. The clearers also run a selection of offshore funds from the Channel Islands, though as the performance tables in *Money Management* and *Resident Abroad* indicate, they rarely star among the sector leaders.

The banks also sell insurance schemes for expatriates to cover premature return to the UK (which would incur income tax liabilities) and repatriation costs, property and contents, and medical requirements. However, expatriates need to think carefully about whether insurance-linked investments are suitable.

You have to decide whether you want the convenience of dealing with one body (and it really can be convenient if you are living on the other side of the world) or whether you would prefer to increase the paperwork and consult the tax specialist, stockbrokers, banks and property managers individually.

Sara Webb

Lurching along on the roller-coaster

"HOLD TIGHT! Here we go again," cried South African gold mine shareholders on the market's dizzy roller-coaster ride this week. Many fell off, of course, in the wild lurches caused by news of the suspension of dealings in both foreign exchange and shares in Johannesburg.

Nor were matters helped by the fear of a major strike this weekend by African gold and coal miners, although this threat now appears to have receded. Many other worries remain but, ironically, the situation has been boosting the gold mine's revenues to record levels.

Not only have they been receiving higher U.S. dollar prices for their gold but they also have enjoyed a big exchange gain on the subsequent conversion of the dollar receipts into weak rands—before the suspension of foreign exchange dealings, that is.

Before the latest major political unrest erupted in South Africa it could have been argued that, on a dividend yield basis, share prices were high enough. Their subsequent heavy fall has changed that.

The prices of most South African gold shares could now be returned in the form of dividends over the next two to four years. That is the opinion of Ian Wright, author of Laing and Cruickshank's highly-regarded review of gold shares.

So, despite the many uncertainties, existing holders who did not sell earlier are reluctant to do so now, especially in view of the high returns they have been receiving on their original purchase. Newcomers with some expendable funds are tempted to move in. It all depends, I suppose, on how you feel about roller-coasters.

Like our weather this week, the Australian gold shares have tended to blow warm and cool, being dominated by the gold price. The latter is high enough for all of them to be making good profits; and a particularly good performance for the year to June 18 is reported by North Kalgurli Mines.

Earnings have climbed to A\$5.43m (£2.73m) from only A\$374,000 in the previous year. They reflect a 33 per cent increase in gold output and the receipt of higher prices, notably in the second half of the year when the Australian dollar weakened.

However, it is a different story for Australia's base metal mines, which still have to live with low prices for their products. The base-metal and coal-producing MIM Holdings, for example, has reported a loss of

Mining

A\$18.3m for the year to June 23 following a profit of A\$27.2m in the previous 12 months. Shareholders receive a token 3 cents dividend against 5 cents.

The loss would have been much higher had it not been for a profit of A\$33.6m made in the final three months. Admittedly, this included a gain of A\$16m on sales of assets; but product sales were good in the quarter and export revenues gained from the fall in the Australian dollar.

Unfortunately, the fall in the Australian dollar took MIM unawares because the company had earlier made forward currency sales in order to protect export revenue from the large losses that would have resulted if the Australian dollar had risen, as many people thought.

That mistake cost the company A\$21m in 1984-85. Another adverse aspect of the fall in the Australian currency was the increased cost of paying the interest on overseas loans. This played a part, together with higher interest rates, in lifting interest charges for the year by A\$112m to A\$194m.

MIM has put a brave face on things, pointing out that coal sales have more than doubled to make the company one of Australia's leading coal exporters. The chairman also says that the past quarter's trading improvement is continuing, making the company "strongly competitive" once more.

It will need to be. The gains from U.S. dollar-priced export sales will reduce if the American dollar continues to fall and the Australian dollar holds up. Furthermore, MIM, like the rest of Australian industry, faces the possibility of wage inflation in 1985-86.

Kenneth Marston

Briefcase

VAT on building

I live in a listed (Grade II) house which has a small stable block in the gardens, which is also listed. Part of it is used for garaging one car at present. I intend converting this into a cottage — completely self-contained — and have obtained the necessary consents. Building is due to start in September and I am advised that it will be zero rated for VAT purposes as in excess of 60 per cent alteration is involved. This job is out for tender, but a contractor will not be appointed until the end of July.

As a result of this, I have just commenced building a (new) block of three garages in the proximity of the stable block and the question of VAT has now arisen in this connection. I am of the view that the work falls within the "Exception" 2 of Para 7 of VAT leaflet 708/2/84 (VAT relative to the Construction Industry: "The construction of a detached garage or block of garages at the same time as the building of a dwelling or group of dwellings which are occupied in conjunction with the dwelling or dwellings"). The Act does stipulate that the two works should be carried out "at the same time," and in this case there may be a gap of some six weeks between completion of the garage block and commencement on the cottage construction.

On querying the situation with the VAT office, they are not prepared to give a ruling without further information, namely, "will the same builders carry out the work on both projects," and "will the two works form a single contract?"

The Act is not particularly clear on this type of situation, and I would prefer not to give further information to the VAT office at present, as it may be that I can change the course of events before they submit the query to the VAT Central Unit for a ruling; they have intimated they intend doing this.

Do you see any course of action I should now take to secure zero rating on the garage block, or at least a proportion of it?

The relevant wording in the VAT Act is ". . . . a garage which is to be used and occupied together with another building which is being constructed at the same time . . . ."

The most cautious way of dealing with the construction from a VAT point of view is to have one contract with one firm of builders and for the cottage and garage block to be constructed at the same time. However it may be that you prefer different builders to carry out the two operations. We do not believe that in law that would have any effect on zero rating. The matter of the gap between the completion of one job and the commencement of the other is more difficult. On a literal reading of the legislation if there is a gap zero rating will be lost. We find it difficult to believe that a VAT Tribunal would rule that zero rating would not apply in such circumstances. You state that you may be able to change the course of events before the VAT office applies for a ruling. The one suggestion we would make is that if you are to have two builders that they are both working on their respective contracts at the same time.

One point which does occur to us is the rule that the garage has to be used with the building which is to be constructed. If the garage is not to be used by the occupier of the cottage then zero rating is not available.

Amending a will

My wife and I each have wills which were drawn up many years ago.

These wills are still entirely relevant except that several small monetary bequests need to be adjusted to allow for inflation.

Can this be effected by simply adding a Codicil to each will and having it witnessed and how do you suggest this should be worded where bequests to A and B were originally a £100 each and it is desired to increase this to say £500.

You need only state in the Codicil: I have a gift of a further £400 each (in addition to the £100 left by clause . . . of my Will) to A and to B; and you must ensure that the Codicil is signed by you and witnessed (by two people who are not beneficiaries) in the same way as the Will was.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BT Shares

Vital call that cannot transfer

A NASTY piece of small print in the British Telecom offer for sale prospectus has tripped up a handful of its otherwise complacent army of private investors, leaving them feeling bitter.

Mrs J. Booth, who lives in central London, was widowed earlier this year. Her husband owned 500 Telecom shares, which on his death were transferred into her name. She postponed paying her 'phone bill this summer awaiting the £18 bill vouchers due in July. When the vouchers failed to arrive she telephoned the registrar, who informed her she was not entitled to any as the shares were no longer registered in the name of the original investor.

Outraged, she approached British Telecom's Investor Relations, which confirmed this was the case and told her she was not the only disgruntled widow to have made inquiries.

Tucked away in the prospectus is the statement that "any entitlement to receive bill vouchers or the share bonus will cease on death." This seems ill judged for an issue that was launched under the banner of wider share ownership. It also appears to be without purpose: the whole point of the vouchers was to persuade investors not to sell their shares, not to dissuade them from dying.

Telecom disclaims all responsibility for the terms of the flotation, drawn up by the Department of Trade and Industry.

A spokesman for the DTI justified the clause by saying it would have been "administratively impossible" to allow for the transfer of vouchers on death. Not all causes were as straightforward as that of Mrs Booth, he said, adding that the prospectus had to cover generalities and could not be expected to cater for special cases.

Lucy Kellaway

Share Options

How to make the most from a ghost

SINCE approved share options were introduced in 1984 they have become the most sought-after of executive perks. Yet many companies are unable to offer such options to their staff. Though nothing can compete with the tax attractions of an approved option scheme, companies missing out should be aware of the alternatives.

An executive option scheme will be approved by the Inland Revenue only if it complies with all 15 clauses in the 10th Schedule to the 1984 Finance Act. Two of these clauses are particular stumbling blocks for significant numbers of companies.

As a rule, the company setting up the scheme must not be the subsidiary of another company. The exception is where the company itself, or its parent company, is quoted on the Stock Exchange.

Though this means that in every group of companies there will always be a controlling company which could qualify, the shareholders of that company may be unwilling to let in employees at such a high level. If the employees are employed by specific subsidiaries, it may make more sense to give them share incentives in the company for which they work.

Even large companies may fall foul of this restriction if they are taken over. For example, Harrods' employees can no longer participate in an approved scheme because the House of Fraser is now controlled by a private foreign company.

The second hurdle is that the shares to be used in an approved scheme must not be subject to special restrictions over and above those applying to all the company's shares.

Private companies are anxious to keep a tight hold over their shares and would be unhappy at the prospect of an ex-employee remaining a shareholder — particularly if he went to work for a competitor. The solution is to insist that an employee, who has acquired shares under an option scheme and then leaves the company, must offer to sell back his shares. But this will be a restriction applying only to employee shares and would disqualify a scheme from approval. But many unquoted companies would rather forego approval than risk being saddled with hostile or apathetic shareholders.

If an option scheme is not approved, employees who are granted options under it will face severe tax consequences.

There will be a potential income tax charge at three different stages—the granting of the option, the exercise of the option and, finally, the sale of the shares. Belonging to an approved scheme gives complete immunity from these income tax traps, replaced by a potential capital gains tax liability when the shares are sold.

In a non-approved scheme the real danger point is the exercise of the option. The employee will only exercise the option if the shares are worth more than the price at which the option was granted. He will be subject to immediate income tax on his notional profit—the difference between what he paid for the shares and the amount he would have paid without the benefit of the option. Tax is payable irrespective of whether the employee sells or holds on to the shares.

Companies which allow employees to suffer this burden unaided may find it hard to attract and keep high-grade executives. In fact a company can help out its employees at no additional cost to itself by setting up a "phantom" share option scheme.

This operates like a real option scheme but with one crucial difference—a participant has no right to acquire shares in the company. Instead, when he exercises his option, he receives a cash payment reflecting the profit he would have made if he had exercised a genuine share option and then immediately sold the shares.

A phantom option scheme is a method of paying extra remuneration to employees by reference to the company's performance as reflected in the increased value of its shares. Phantom option payments are a tax-deductible expense for the company paying them. By contrast, a company running an approved scheme can never obtain a deduction for the amount which it sacrifices by issuing shares under the scheme at less than full market value.

The potential benefits of using a phantom scheme are illustrated by the figures in the table. In each case the employee's profit per share on exercise is 50p. The only difference between the approved scheme and the non-approved scheme is that the employee's net benefit is reduced from £1,500 to £990 by the incidence of income tax. The employer's gross and net cost is constant at £1,500, since no deduction is permitted.

Using a phantom scheme, since the employer's cost can be set against its corporation tax bill, the net cost will be less than under a real share option scheme. In the table, this enables the company with a phantom scheme to give its employee the same net benefit as a participant in an approved scheme, and at no greater net cost to the company.

The equation will vary according to the relative tax rates of company and employee. The constant factor is that for a company, which cannot have an approved scheme, a phantom scheme will invariably be more tax effective than a real scheme.

The drawback of using a phantom scheme is that the company may want to encourage its employees to become shareholders. To do so while preserving tax effectiveness it is possible to construct a special form of non-approved real scheme in which the costs of the scheme will be an allowable deduction.

David H. Cohen is a partner in Nicholson, Graham and Jones, solicitors.

David Cohen

SHARE OPTION

Type of scheme	No. of shares under option	Employee's profit Gross	Employee's profit Net (assuming 40% income tax rate)	Employer's cost Gross	Employer's cost Net (assuming) 40% Corporatn. tax rate)
Approved scheme	3,000	1,500	1,500	1,500	1,500
Non-approved scheme .	3,000	1,500	900	1,500	1,500
Phantom scheme	5,000	2,500	1,500	2,500	1,500

BAe Shares

Second slice is due

SHAREHOLDERS in British Aerospace have less of an investment than they had. Since the shares were issued in May at 200p each, the price has dropped to 128p, a loss of 36 per cent.

Investors run the risk of losing even this diminished holding if they do not pay another 175p a share, in time. The 200p issue price covered only a part ofthe full value of the shares. The second slice is due by, September 10 — Tuesday week.

Instructions for paying the second call are contained in the Renounceable Letters of Acceptance which are the evidence that you own British Aerospace shares. If you have lost your letter of acceptance, you should telephone the registrars, Lloyds Bank, immediately, on (0903) 502541.

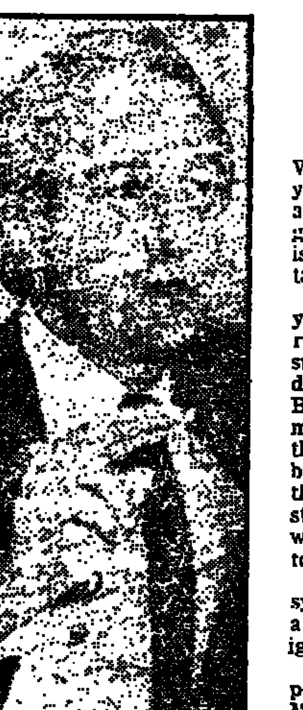
Kleinwort Benson, the merchant bank that sponsored the British Aerospace share issue, says that cheques for the 175p per share second call should arrive no later than next Friday, September 5, to allow time for them to be cleared.

Past experience with share issues paid in instalments, such as BP Britoil, Enterprise Oil and British Telecom, suggests that investors are very good at coming up with the second payment.

With British Telecominvestors who failed to pay up on the second call would have received back their first payment of 50p, although they would have lost the gain in the share price. British Aerospace investors however, face losing even the 200p they paid in May if they fail to provide the second payment by the allotted date.

On top of that, they would forfeit the 5.8p a share dividend announced yesterday — which might otherwise provide some consolation forthe drop in the share price.

George Graham



Mark Weinberg

Insurance

The best policy

WHEN SOMEONE knocks on your door trying to sell you life assurance or unit trusts, what guarantee do you have that he is honest and knows what he is talking about?

At present the answer is that you have none—unless he is a registered insurance broker and subject to the standards laid down by the 1977 Insurance Brokers (Registration) Act. He may show you a card issued by the life company he represents, but you will not know whether that life company has proper standards (as many have) or whether the card is simply used to avoid awkward questions.

There is no industry-wide system to assure consumers that a life salesperson is neither ignorant nor crooked.

All this could change if proposals issued this week by the Marketing of Investments Board Organising Committee (MIBOC) are put into force.

MIBOC was set up under the Government's investor protection plans for people who save through pre-packaged investments such as life assurance contracts and unit trusts. MIBOC's chairman is Mark Weinberg, chief executive of Allied Dunbar, formerly Hambro Life. So it is perhaps fitting that the first proposal from MIBOC should concern the control of persons selling these pre-packaged investments.

Briefly the proposed system would mean that no person would be able to sell life assurance or unit trusts unless he held a licence. To obtain one he would have to provide suitable references, agree to abide by a code of conduct and pass the necessary tests of expertise within the prescribed time limits.

There would be a basic licence which trainees would hold having passed an initial test. Within 18 months they would have to pass the tests for a full licence. A trainee would only sell under supervision.

There would be a complaints system and salespersons found guilty of malpractice, dishonesty or continual breaking of the code of conduct could lose their licence and thus be barred from selling. There would also be a registry of licence holders, including a blacklist of those struck off.

MIBOC is seeking views on its proposals and ideas on how the system should operate. Consumers in particular are invited to make their views known.

Copies of the proposals are available from A. Selman, Marketing of Investments Board Organising Committee, 80 Watling Street, London EC4M 9BX. Comments to the same address by October 14.

Eric Short

NEW PRODUCTS

THE TWO leading tax guides are now available in their updated 1985-86 versions. Tolley's Tax Guide is written by chartered accountant Arnold Homer and chartered secretary Rita Burrows, while the Allied Dunbar Tax Guide is the work of accountant Walter Sinclair.

There is little to choose between the two books for comprehensiveness, and the language is as clear as can be expected, given that the subject is tax.

We liked Allied's first chapter, with tax saving hints and a checklist for year-end tax planning. We also liked Tolley's sections on choosing your investments, which describe the tax treatment of various forms of investment.

Allied Dunbar Tax Guide is published by Oyez Longman and costs £11.95. Tolley's Tax Guide, from Tolley Publishing, costs £11.45 until September 21 and £12.95 after that.

●

CITY OF London Building Society's Capital City Share is dropping to 9.6 per cent from September. But interest is paid monthly, and unlike most such accounts, it can be kept accumulating in the same account. The compounded return is therefor 10.03 per cent net, besting most other 90-day notice accounts. Minimum ilnvestment is £2,000.

Investment Rates

Losing in return but gaining in certainty

FALLING interest rates spell joy to housebuyers but gloom and despondency to many savers—especially to many retired people for whom interest on their deposits makes up a large part of their income.

They can protect themselves against a further round of interest rate cuts by moving to an investment that allows them to lock in today's rates.

Investments that guarantee an interest rate for a year or more are rarely among the highest payers. What you gain in certainty you may lose in interest return. Nevertheless there are still some good buys for the sharp-eyed investor.

● National Savings certificates are the pick of the bunch for the higher rate tax payer. The 30th Issue currently on sale pays 8.85 per cent tax free if you hold it for its full five-year term.

Even better is the National Savings Yearly Plan, which is now guaranteeing 9.28 per cent tax free for five years if you invest between £20 and £200 a month for 12 months. You have to be willing to tie your money up. Although certificates can be cashed in before their five-year life is up, you will receive a lower interest rate.

● Guaranteed income bonds from insurance companies offer a range of terms—from one year up to seven. The rates have not been attractive recently compared with the best of the building society accounts.

The top payers now on offer are from Chase de Vere (9.5 per cent for one year or 9.3 per cent for two) New Direction (9.3 per cent for one year), General Portfolio (9.1 per cent for one, two, three or four years) and City of Glasgow (9.1 per cent for five years).

Guaranteed income bonds create no liability to capital gains tax and pay out net of basic rate tax. Higher rate taxpayers may, however, find they face an additional tax liability.

● Building societies for the most part will guarantee only the premium paid over their ordinary share rate. If the ordinary rate falls, so does your interest. There are a few accounts that guarantee to hold a fixed interest rate, but you must move fast to catch them.

Metrogas Building Society, for instance, is guaranteeing to pay 11 per cent net for 12 months on its Centenary Share, a regular savings account for £10 to £50 a month. The guarantee expires today—from Monday the rate drops to 10.25 per cent.

● Gilt-edged stocks have already moved to anticipate further interest rate cuts, so the returns here are not outstanding. Best value for higher rate taxpayers are low coupon gilts such as Treasury 3 per cent 1990, currently yielding 6.76 per cent net to a 60 per cent taxpayer.

George Graham

Reduced rate may deny you full rights

FINANCE & THE FEMALE

BECAUSE women generally live longer than men, two thirds of the retired population are female. Go into any old people's club or day centre, and the men are heavily outnumbered.

Another statistic is more disturbing. Three-quarters of the elderly population in poverty are women. It is women who tend to have the most inadequate occupational pensions, and often a defective State pension record also. How can you safeguard against this?

The State pension comes in two parts—the Basic and the Additional Components. (It is the Additional Component that is threatened by the Government's proposed abolition of SERPS; the Basic Pension will not change). You qualify for the Basic Pension, currently £35.80 a week, through paying or being credited with National Insurance contributions.

A full pension needs a record of contributions for approximately nine-tenths of your "working life," according to a scale laid down in the legislation and published in DHSS leaflet NP32. Working life starts, for these purposes at 16, and finishes at State retirement date. But for people retiring over the next few years, who were over 16 when the National Insurance system began, the starting date was 1948, except for those who were already in the limited group of "insurable" occupations before that.

So most women retiring today have "working lives" of 37 years, and to get a full pension they must have paid full contributions for 33 of these.

To count towards the pension, the contributions had to be the "full stamp" before 1975, or at the full percentage rate since then. Here comes the first snag for women. When the Beveridge scheme was brought in, it was assumed that married women would naturally be dependent on their husbands, and would neither want nor need the status of "insured persons" in their own right. So a married woman, who did paid work outside the home, was given lower benefits than a man if she paid the full stamp. She was offered instead the option of paying the "small stamp," now the reduced rate contribution, which qualified her only for industrial injuries benefits.

Since 1977, no-one has been able to start paying at the reduced rate. People already paying the reduced rate could continue to do so, or they could change to the full rate. Today a woman who has a break in employment for two complete consecutive tax years must pay full rate contributions when she returns. But there are still thousands of women whose contribution record would be too poor to qualify them for a full pension even if they change to paying the full rate.

It will be many years before the reduced rate contribution disappears entirely. The typical working pattern for a woman who marries today is to spend some years outside paid employment, looking after children at home, and often then to ease herself back into the labour market through a part-time job for several years. Unfortunately until 1978, women's time spent at home was not recognised within the National Insurance system.

From 1978, under the Castle Act, "home responsibilities protection" has given credits for those years spent at home. If you have at some point accumulated at least 20 years' full-rate NI contributions, then for any other complete years when you were receiving Child Benefit or a benefit for caring for an invalid, you will be given credits towards the basic (but not the additional) pension. But this is not retrospective, so it is little help to those retiring today, whose childcare years will have been over long before 1978.

Part-time workers are treated differently again. There is a Lower Earnings Limit (LEL) fixed each April at approximately the same level as the basic pension for that year. People who earn below this limit do not pay National Insurance contributions, but still build up no credit within the NI system. Anyone earning more than the LEL pays contributions on all earnings—a hefty disincentive to lifting one's pay above the limit by, say, working longer hours.

This "contributions trap" is being eased by changes coming in October. But it will still be there, and it is unlikely that many part-time working women—estimated at more than half of all part-timers—whose earnings are below the LEL will raise their earnings above that magic level as a result.

If as a result of all these factors, your contributions fall short, you still get some NI pension, provided you have paid or been credited for at least a quarter of your working life. But the pension will be scaled down, and so will any increases to take account of inflation.

Alternatively, you will be treated as your husband's dependant, and he will draw an addition for you on his benefit. This addition is currently £21.50—60 per cent of the full rate. If you could qualify either for a reduced pension of your own, or a dependant's addition, the higher of the two is paid.

But this can't be drawn until the husband qualifies, at 65, and if he works on after this, the wife too must wait. So even if the wife's pension in her own right is small, it could still be worth drawing it for any years after she reaches 60 and before her husband retires. When he does, the changeover to the dependant's addition is easily made.

For the Additional Pension there is no lower limit on qualifying years—you can receive just one year's benefit, although the amount will be small. The same goes for the old Graduated Pension scheme, which ran from 1961 to 1975. But that gave lower benefits to women than to men for the same contributions, on the grounds that women lived longer. So, for most women the graduated entitlement will be very small indeed.

How do you find out about your entitlement? Write to the local DHSS office, quoting your National Insurance number. Ask for details of your contribution record, and also for copies of leaflets NP 32 (Your Retirement Pension) and NP32B (Retirement Benefits for Married Women). You should then be able to work out what level of pension you get.

If your record is defective and you are paying the reduced rate contribution, it might be worth changing to the full rate to build up your entitlement. Otherwise, think about paying additional contributions to your employer's scheme, or paying into a "self-employed" scheme, for which, despite its name, those outside occupational pension schemes also qualify. But think about it now: your 60th birthday will be too late.

Sue Ward

School fees

Learn now, pay later

WITH THE new school year only a couple of weeks away, parents are in the throes of getting their children ready for the fray—new school uniforms, sports kit and so on. However, for parents having their children educated in the private sector the biggest headache of all is meeting the school fees bill.

In recent years fees have been rising faster than inflation—as measured by the Retail Price Index—since education is still a labour intensive industry. Parents can expect the bills to be 7-10 per cent higher this year, either now or at the start of the next term for those schools operating on a calendar year basis.

The obvious solution to meeting school fees bills is to plan well ahead and save in advance to ease the burden when the bills come in. But this advice is no good to parents facing bills at the present time and whose financial resources are stretched for one reason or another.

Parents under financial pressure have a variety of choices to consider in meeting the bills—

- Boosting the family income.
- Using any available capital.
- Seeking financial help from grandparents and other relatives.
- Taking loans.

Many parents cannot boost their income, have no spare capital, and do not wish to seek help from family. For them, the facility to take loans to meet the bills has expanded, with a variety of schemes coming on the market.

Earlier this year, the Independent Schools Information Service (ISIS) was instrumental in launching its school fees loan plan in conjunction with National Westminster Bank and insurance brokers Clairmont Saville. During the past couple of weeks the leading Scottish life company Standard Life has launched its school fees plan in conjunction with the Bank of Scotland.

The general principle of the loan schemes can be summed up as Educate-Now-Pay-Later. The parent sets up a loan facility from which he/she draws on to meet the fees as and when required, using the house or some other asset as collateral security; a second charge on the house is usually acceptable.

Capital is not repaid during the period of the loan, which can be anything between 10 to 25 years. This part of the loan remains outstanding long after the child, or children, have finished private education. The loan is repaid from the proceeds of an endowment assurance contract from a life company maturing at the end of the chosen loan period.

Both these plans have been able to secure slightly better interest rates than those normally charged on individual loans. The ISIS scheme charges 2½ per cent over National Westminster's base rate. Interest is paid quarterly in arrears. The Standard Life scheme charges 2¼ per cent over the Bank of Scotland's base rate, paid monthly. Both base rates are currently 11½ per cent.

ISIS set up its scheme following continual requests from its subscribers seeking advice and help to meet immediate fee bills. In the few months that the facility had been available, National Westminster has advanced £1.7m, with applications amounting to £4.2m. Standard Life reports a steady stream of enquiries and applications in just a couple of weeks.

HUSBAND AND WIFE BOTH AGED 39 TAKING OUT A STANDARD LIFE PLAN OVER 20 YEARS					
Year	Loan taken in year £	Total advance £	Annual interest £	Endowment premium £	Total annual outlay £
1	1,200	1,200	165	522	687
2	3,600	4,800	660	522	1,182
3	3,600	8,400	1,155	522	1,677
4	3,600	12,000	1,650	522	2,172
5	3,600	15,600	2,145	522	2,667
6	3,000	18,600	2,557	522	3,080
7	1,200	19,800	2,722	522	3,245
8-20	Nil	19,800	2,722	522	3,245

Assuming interest at 13.75 per cent (APR 14.8 per cent) throughout. After 20 years the endowment matures with an estimated payout of £38,432—leaving £18,632 cash to the couple.

However, these are not the only loan facilities available. Most leading school fee advisory services have loan schemes, and parents seeking loans should shop around. In comparing costs, parents should look at the equivalent annual percentage rate (APR), not the nominal interest charge.

Parents should regard the loan facility as a last resort, since the cost is very high, as you can see from the table.

Some schools themselves are now adopting a more sympathetic attitude towards parents in financial trouble. They are unhappy about pupils having to change schools, and the effect this could have on them, because parents cannot meet fee bills. Many schools now have funds which will make discretionary payments to enable pupils in deserving cases to complete their education at the school.

Unsocial security

UNIVERSITY students in the Oxford and Manchester areas got a shock recently when they went to collect social security benefits. They found that local offices of the Department of Health and Social Security had overnight cut back on payments made to some of them who were getting financial help from their parents by way of covenants.

The local independent adjudicating authorities decided suddenly to view payments on certain covenants as providing income to the student during the vacation, as well as during the term, and reduced benefits accordingly.

Covenants are the most tax efficient method for parents wishing to help their children financially while at university.

However, no attention had been paid until now to their social security implications. It was assumed that all students would be treated in the same manner for social security purposes, disregarding the way in which parents chose to provide financial assistance. That is, until the adjudicators took a closer look.

The standard wording on these covenants usually specifies that the money provided should be paid in three instalments—on October 1, January 1 and April 1 ahead of the start of each term.

The adjudicators ruled that unless the wording of the covenant stated specifically that payments were to be made only for use during the term, then it would be assumed they would be spread over the whole year, including the long summer vocation. As such, they would be taken into account when assessing benefits.

This ruling was upheld by the department's chief adjudication officer, Mr Alan Parsons, and DHSS branches were given fresh guidelines that would have affected students throughout the country.

But once the Government found out what had happened, it acted with unusual speed to remedy the position — mindful perhaps of recent problems with its backbenchers over student grants. Tony Newton, Minister of State for Social Security, said regulations would be amended to ensure benefits were not affected by covenants; until then, DHSS branches have been told to make payments as before while affected students have their cases reviewed.

This Government action came just in time. There were reports of at least one zealous official at a local branch implementing the chief adjudicator's guidance.

The lesson to parents whose children are about to go to university, and are considering help through covenants, is to check their wording very carefully. One way is to specify monthly payments between October and April; above all, avoid making a single annual payment.

Even though the Government has acted promptly this time, it is not happy with the way students can claim supplementary benefits during vacations.

One proposal to reform the social security system, overlooked completely by commentators concentrating on the ending of SERPS, was a return to the pre-1966 situation (before supplementary benefits were introduced), with students being financed from grants as well as by their families and from their own earnings in vacations.

Eric Short

Mortgages

How the law is bringing order

From tomorrow it will be easier to track down the cheapest credit

TRACKING DOWN the cheapest mortgage will be made much simpler from tomorrow (September 1) as a result of changes in the way building societies are obliged to quote their interest rates.

Some of the provisions of the 1974 Consumer Credit Act are being applied to the building societies. In particular they will be required to show the "Annual Percentage Rate" (APR) of interest, calculated according to a statutory formula, in all advertisements and personal quotations.

The APR is designed to distill into a single figure all the different elements of the costs of a mortgage. These are the main factors you have to consider which will be reflected in the APR:

- The size of your initial (usually monthly) payments.
- The initial charges such as surveyor's fees, legal fees and arrangement fees (charged more commonly by the banks than the building societies).
- How many days or weeks of grace you will be given before you have to start your payments —and whether your payments need be less—or more—frequent than once a month.
- Whether your (monthly) payments will go up or down, even without a change in the interest rate, when your outstanding debt is re-calculated at the end of your lender's accounting year.

The APR reduces all these factors to a single figure by giving a weighting to each payment you have to make to your lender depending on how far into the future it falls due. The further away the payment, the lower the weighting.

Thus if you have to make a payment of interest of £500 one year from now and the rate of interest you are paying is 10 per cent, that payment will be weighted at only 90 (100 minus 10) per cent of its nominal value, i.e. £450.

But you do not need to worry about the details of how the APR is calculated. What matters is the final figure—and whether one lender's final figure is lower than another's.

The main targets of Parliament when introducing the APR were typically the less scrupulous finance houses and money lenders who might for example offer you a £200 loan with repayments of £7 a week for a year. The APR on such a loan is 133 per cent.

The APRs on building societies are nothing like as dramatic as that, but they will generally be higher than the quoted rate, by about one percentage point.

For example, on a 25-year mortgage with a flat rate of interest of 12.75 per cent—the standard building society rate from September—the APR will be about 13.8 per cent for a repayment mortgage, and 13.6 per cent for an endowment mortgage.

The three reasons for the APR on a mortgage being higher than the flat rate—apart from the inclusion of initial charges—are important. They indicate how you can save money. First, for the APR to be the same as the flat rate, you would have to pay the interest only once a year, on the anniversary of taking out the loan. In practice, you will probably have to make monthly payments. The less frequent the payments, the lower the APR.

The other two reasons arise from the building societies' antiquated practice of calculating the interest due each month by taking a "snapshot" of your outstanding debt (including accrued interest) just once a year, at the end of the society's accounting year. With a repayment mortgage, you may be paying off a substantial amount of capital during the year. But each month, you will still be paying interest as if you owed the original amount outstanding at the start of the year.

In the last few years of a repayment mortgage, you are repaying capital so fast that the APR may be almost twice the flat rate. So it will probably be worth redeeming the mortgage early.

It may also be worth finding out when your lender's year end is—usually December 31—and on what date your monthly payments will be due. If, for example, you are due to make a payment on January 2, each year you will be saddled with paying interest on a slightly higher debt than necessary. So consider trying to shift back the monthly payment date to the 31st. This advice applies as much to existing borrowers as to new ones.

Changing your monthly payment date may reduce your APR by as much as 0.3 per cent, or by £90 each year before tax relief on a £30,000 mortgage.

To avoid this problem, most societies are now planning to ask borrowers to make a further payment in the first year of their mortgage terms, just before the society's year end. But this may cause you cash flow problems, particularly if you are taking out a mortgage shortly before the year end. Note also that because the date on which mortgages are taken out varies, the precise APR will also vary for each borrower. In their advertisements, however, the societies will be obliged to quote only a "typical" or average APR.

National Westminster and the Trustees Savings Bank use the same annual snapshot system as the building societies. The other banks, however, use the less unfair method of quarterly or monthly snapshots.

Because the APR was designed originally for relatively small consumer credit transactions, it does not help you in all the ways it should when you are trying to cost your mortgage.

Its most important defect is that it does not take into account the monthly insurance policy payments on an endowment mortgage. So a comparison of APRs will not help you to decide whether a repayment or an endowment mortgage offers better value. Moreover, your lender—who earns substantial commissions from selling endowment policies — is not likely to be an impartial adviser.

It may be several years until the government gets round to introducing legislation to remedy this problem. The rule-of-thumb advice, as given previously on these pages, is that, since the removal of tax relief on life insurance premiums in the 1984 Budget, endowment mortgages offer poor value for basic-rate taxpayers. For higher rate taxpayers, particularly those in the 50 to 60 per cent brackets, an endowment mortgage may have the edge. But in either case, a mortgage linked to a pension plan is far preferable.

The APR will also give you only a rough indication of when it is worthwhile switching mortgages to another lender, as it does not take into account the costs of switching.

The APR does not tell you your interest cost after allowing for tax relief, either. You can make an approximate calculation — at least on loans of up to £30,000 — by reducing the APR by your top marginal tax rate, as you would do with the flat rate of interest.

Once you have decided what type of mortgage you want, the APR is essential: it shows who is offering the cheapest rates. If any lender fails to quote to you the APR, or to give it prominence in his promotional literature, he is breaking the law and must either be incompetent or have something to hide.

Clive Wolman

Estate agents

Sell carefully and stay happy

A SURVEY last year by the Consumers Association found that one-quarter of those using an estate agent to sell their property were dissatisfied with the service, and nearly half had some complaint. Selling this way can be a recipe for heartbreak.

The important thing to realise is that you are entering a commercial arrangement entitling the agent to levy certain charges. The exact nature of your relationship will vary according to the type of agreement.

If you appoint a "sole agent," this effectively means that you instruct only one agent to find a buyer for you. If, however, having appointed a sole agent, you find a buyer through your own efforts—say, a personal introduction or an advertisement placed by you—then you do not generally have to pay the agent's commission.

The sole agency route is often the only option for those living north of a line drawn by the property pudits—running from the Bristol Channel to the Wash. An estimated 78 per cent of house sellers in the North instructed only one agent, according to the survey carried out for the Price Commission's report on estate agents.

Sole agency is an entirely different creature to the dreaded "sole selling rights" agreement that some agents still try to foist upon unsuspecting clients. If you grant an agent sole selling rights, then you are normally liable to pay commission even where you find a buyer personally. This is an arrangement you should avoid like the plague," indeed, it is regarded as undesirable by the Royal Institute of Chartered Surveyors, which acts as watchdog on professional standards among estate agents.

Even a sole agency arrangement can, however, lead to you paying commission where you have found a buyer yourself. Some agents stipulate that their entitlement to commission arises not when you have exchanged contracts with a buyer introduced by them but simply upon their introducing someone who is ready, able and willing to buy on the terms you originally specified to the agent. Under such an arrangement, commission would be due if the agent produced such a suitable potential purchaser while the arrangement was still in force—and despite the fact that you had found someone yourself (or even when you had simply decided to withdraw the property from the market).

The way to avoid this situation is to insist that entitlement to commission arises only when you have actually exchanged contracts with someone introduced through the agent. This is not always an easy arrangement to achieve—the agent might not like his standard terms of business altered for your particuar case. Moreover, there is no requirement for the agent to provide you with written details of his terms of business. The Estate Agents Act 1982 stipulates only that an agent must tell you how his fee is calculated.

It is hardly new advice, but you should always ensure that, when you instruct an agent, all terms and conditions are specified in writing and that you read them before signing on the dotted line

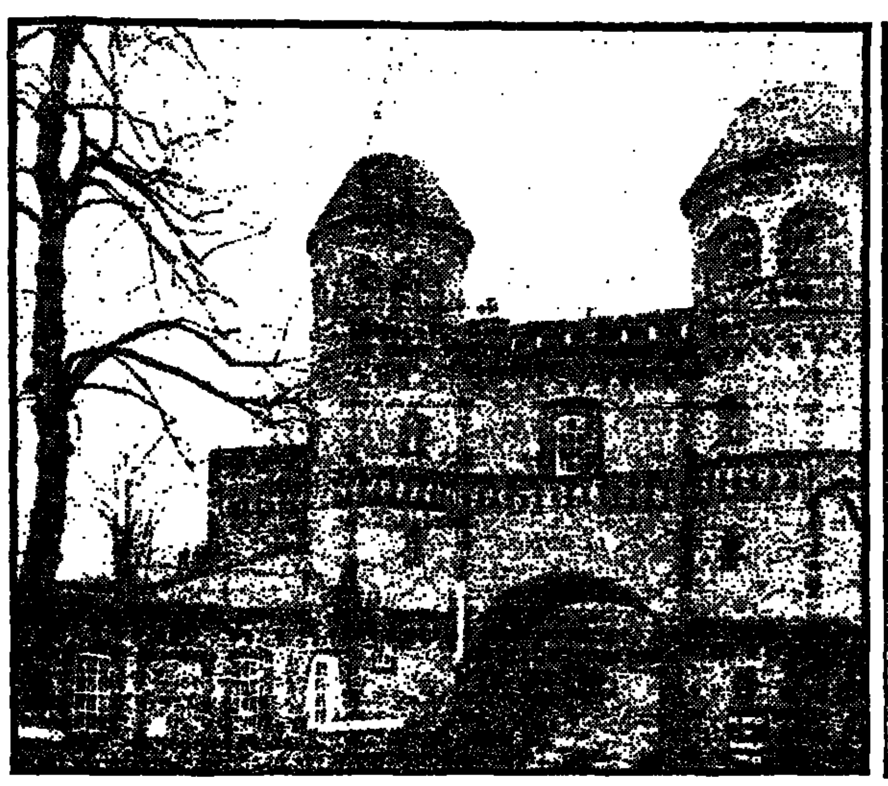
Things for which to look out are advertising and photographic costs, and whether these become payable even if the agent does not ultimately find a buyer. A "no sale, no fee" arrangement, where no charge is made for these costs if the agent does not produce the goods, is potentially attractive. Bear in mind, however, that this bonus often is counteracted by the estate agent charging a commission rate higher than the standard for your area.

You should also look out for the length of the agreement, and whether there are any penalties for early termination. Ideally, you should, in the case of a sole agency, impose a time limit.

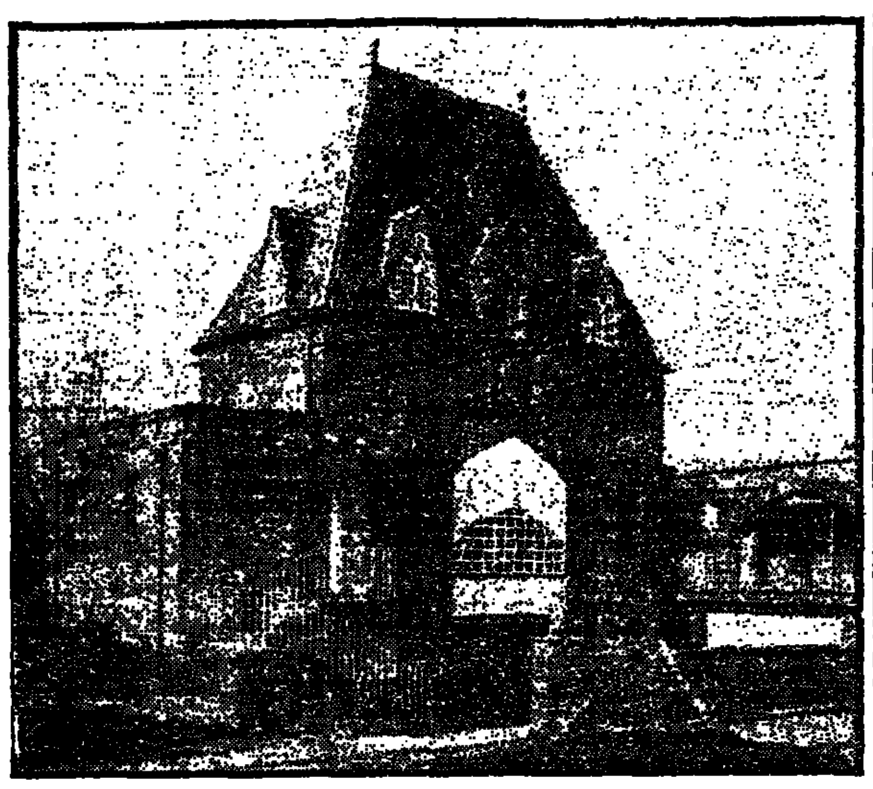
You are, of course, entitled to instruct more than one agent right from the start. Known as a "multiple agency," this arrangement is rarely available north of the imaginary line mentioned before. The advantage from your point of view is that you have more than one agent looking for a purchaser on your behalf and you pay commission only to the one who actually sells your house. The downside, however, is that commission charges are usually higher.

Finally, there is a "joint sole agency." Here, you appoint two agents, both of whom agree to represent you and decide either on a split of commission if one sells your home or for the successful agent to pocket the lot. Again, you have the advantage of two firms looking for you, while commission charges generally are less than those for multiple agency arrangements.

Lawrence Lever



Guildford Lodge, Ockham Road South, East Horsley, Surrey, built about 1853. Price £110,000 through Mann & Co. (04865 4242)



The Gatehouse, Goodrich, Ross-on-Wye, Hereford, for sale in the region of £95,000 through Strutt & Parker (0242 45444)

Humble lodges with stately ambitions

THERE THEY *stand, the stately* lodges of England, once humble dwellings for guardian, gardener or gamekeeper on a large estate, but now becoming desirable properties for anyone with money in the bank and a sense of history.

Often, park gate lodges are the sole survivor of a historic mansion. And far from reflecting their humble function, they were generally architect-designed. One could be a medieval *castle in miniature*, another a classical temple, others Gothic summerhouses of Palladian pavilions.

Humphrey Repton, in the 1804 *Red Book* for the Duke of Bedford's Woburn Abbey Estate, admitted that his design for the half-timbered and gabled *Henry VII lodge, was possibly* "too small for a Mansion and too richly ornamented for the habitation of a labourer."

But he qualified his observations by maintaining that "specimens of Timber houses are every year becoming more rare, not only from the decay of materials but from the prevailing rage for what is called improvements by installing old forms for New . . ."

The historic two-bedroom *lodge with its studded oak front* door and handle which "did belong to the Vestry door of Saul Church in Norfolk," porch copied from the cloisters of several almshouses, plus beamed sitting-room with carved overmantel and paintings of Henry VII's goes up for sale next month. David Bateman, Bidwells, Cambridge (0223 841841) is expecting offers in excess of £70,000 for the property with planning consent for extension.

There are between 10,000 and 15,000 lodges in Britain. Although many have been rescued for desirable homes, others have declined into dereliction and decay.

"It is a mystery that no one has yet given this group of buildings anything more than the most cursory attention," says Tim Mowl, architectural adviser to the Bath Preservation Trust and Brian Earnshaw, English literature lecturer at Bristol University. The pair have rectified this by an excellent pioneering study *Trumpet At A Distant Gate—The Lodge as Prelude to the Country House (Waterstone/Thames & Hudson £25).*

A multitude of beguiling small houses are documented. *A few of those discussed have* come up for sale over the past year or so.

One of William Kent's early Gothic lodges to Esher Place, Surrey, built in 1734, is referred to as "high spirited Tudor Gothic with noticeably uncurvaceous ogees as their staple feature." The East lodge, right on the Green, in need of complete refurbishment, sold last autumn through Hampton and Sons for close to the asking *price of £80,000.*

Many dwellings that guarded a great house are inevitably near the road. So the owner of The Gatehouse, Goodrich, Ross-on-Wye, Hereford, must bless the architect "*for the* arrow slits which now protect it from the glare and noise of night-time traffic." *It is* on the brink of the roaring four lane highway which links the M40 with Merthyr Tydfil.

Nevertheless, this Goodrich gatehouse designed by Edward Blore (1787-1879), for antiquarian Sir Samuel Rush Meyrick, has a distinctive, fairy tale look. The sitting-room is oval, and the dining-room has a portcullis outside a treble-glazed window. There are spiral staircases to the second and *third floor bedrooms plus a play*-room tucked away in the top of the tower.

"It needs a very special person to appreciate the charm of the place," insists Peter Thomas at Strutt and Parker's Cheltenham office (0242 45444), who is looking for offers in the region of £95,000.

Many lodges have grown into large houses. Squerryes Lodge, Westerham, Kent, just bought by Winston Churchill MP for around £500,000, is now a full-scale five bedroom manor house, with a nursery suite, staff annexe, cottage flat, barn, lake and paddock. It is said to have monastic origins, going back to Norman times.

Current listings include:

- The medieval gatehouse and keep to Northborough Manor, near Peterbrough, Cambridgeshire, which in 1572 came into the ownership of the Claypole *family, one of whom married* Oliver Cromwell's daughter, Elizabeth. Listed Grade 1, the four-bedroom, two-bathroom property has stone mullion windows which must be preserved. Strutt and Parker's Granthan office is seeking £68,000 for a 980-year lease.
- Somerset Lodge, Petworth, *Sussex, built in 1653 for the* Sixth Duke of Somerset, now has five bedrooms, three bathrooms, a sauna and a staff cottage. Hampton and Son is quoting a guide price of £225,000.
- Lansdown Lodge, Bath, where Thomas Gainsborough once lived, has five bedrooms, two bathrooms and a music room. Crisp Cowley, Bath (0225 62621), and Humberts, are inviting offers in the region of £165,000.
- Burpham Lodge, four miles from Arundel, Sussex, built in 1881 in large knapped flints, *has two-acre grounds*, a tennis court and cottage, and is being sold by the Duke of Norfolk through Humberts for offers in excess of £250,000.
- In the New Forest look for the early 19th century Setley Lodge, a six bedroom house with a self-contained flatlet *(Jackson and Jackson, Lymington*, £190,000), and the Rhinefield Hunting Lodge, a grand French-chateau styled house in Brockenhurst, in excess of £425,000 through John D. Wood, Lymington.

June Field

Home truths that last beyond any government

THE INQUIRY into British housing, the report of which was published in late July, may be on holiday — but it is not on the shelf. The issues it raised, which to quote the Duke of Edinburgh who chaired it, "have a much longer perspective than the life of any one government," will reappear as soon as the silly season is over.

The Government of the day has so far commented exclusively on the narrow issue of phasing out mortgage tax relief. It now says it will wait until the inquiry's technical volumes are published in November, putting more statistical and analytical flesh on the bones of the recommendation, before it makes a full response.

Members of the inquiry, apart from working on the technical volumes, are also preparing to address major conferences in the autumn: both the National Federation of Housing Associations, and the *National Housing and Town* Planning Council are allocating special sessions to debates on the inquiry.

Those who consider this snail-paced progress should remember that the previous inquiry into British housing yielded legislation only five years after it was published — but that legislation set the framework for activities which were, in their day, probably more revolutionary than tax relief reform today: they allowed local authorities for the first time to clear slums and build their own housing for rent. But for this we have to go back 100 years.

In 1883 the November issue of the *National Review* carried an article by Lord Salisbury which was to change the future of British housing.

It made some strong observations about the appalling conditions in which thousands of people were living and suggested some strong remedies.

The article was received with a degree of derision in some quarters, but it prompted the setting up of the Prince of Wales's Royal Comission on the Housing of the Working Classes which reported 100 years ago.

Observing the reactions to the Duke of Edinburgh's recently launched report on the same subject one can only hope that history will repeat itself and that good sense will triumph over electoral cowardice by 1990.

This may begin to happen when — and if — people are allowed to understand that the issue of mortgage tax relief (which has been the most widely reported aspect of the report) is, in this instance, but a shaggy tail which is not *only* wagging a rather important dog but actually obscuring many of its vital features.

A recent Yorkshire Television documentary served as a *timely* if harrowing reminder that housing conditions today can still be frightful. But the number of homeless households reported by the London boroughs to be living in bed-and-breakfast accommodation at the end of last year was "only" 2,400—a figure too high by any standard, yet but a tiny fraction of the numbers who were living in insanitary, overcrowded and generally squalid *accommodation 100 years ago.*

"Lord Shaftesbury stated that he had himself visited houses inhabited by women and children, where there were open cesspools not a foot below the boarding of the rooms."

"In Drapers' Place, St Pancras, there was described to be a kitchen, 12 feet by 10 and only 6½ feet high, the ceiling being below the level of the street, and this was inhabited by nine persons."

In those days, some 90 per cent of people were living in private rented accommodation. It is a bitter irony that the excesses which resulted in that sector falling from favour (it now accounts for only 10 per cent of households) have somehow survived: overcrowding, exploitation and harassment.

It is as if the baby has been thrown out but the bathwater retained, and it is one of the psychological obstacles facing *the Duke of Edinburgh's report,* which seeks to bring back the lost baby of private rentals.

The problem, then as now, has been human greed and selfishness. In the words of *The Builder* of May 1885, "It is wrong that those whose duty it is to see that property is kept in a proper state of repair and sanitation should also be those whose interest it is to neglect this duty."

The 1885 report placed much of the blame on what is called "house farmers," middlemen doing the dirty work of landlords often as grand as the Northampton and Westminster Estates.

By pushing rents up to as much as a quarter of their unfortunate tenants' meagre incomes and by not carrying out even essential repairs, these "house farmers" could make as much as 150 per cent profit. One was reported to be collecting "*about* £100 a year, while the rent he paid to Lord Northampton was £20 a year."

As Yorkshire Television has reminded us, such "house farmers" are *still* with us. The fact that they find it as easy to prey on local authorities and even the mighty DHSS as well as on the hapless homeless begs some answers. The 1885 report could only suggest that "if there were more official supervision, by means of improved local government to prevent overcrowding and to enforce sanitary requirements it would be impossible for middlemen to make the large percentage they at present secure." The report did succeed in booting out this obnoxious practice.

As the Duke of Edinburgh's team discovered, however, private-sector *lettings need not* be synonymous with the evil we now call Rachmanism, although it pre-dates him by centuries.

The key, as they point out, is sound, reliable investors/landlords as Housing Associations already use (building societies may soon become eligible), with *a reputation* to keep and no incentive for exploitation.

The new Chief General Manager of the Nationwide Building Socviety, Tim Melville-Ross, a member of the inquiry team, suggested that his own and other financial institutions would be prepared to provide such accommodation on a basis which would give it a good name.

"We wish to move towards a position where major financial institutions see rented housing as a real investment opportunity which they can consider in the same way as commercial and industrial property," says the 1985 report, and it could add that this would bring us into line with the rest of the Western world.

"*To draw in substantial* investment we believe that the actual ownership and management of rented housing needs to be in the hands of 'approved landlords'. . . who should be able, through capital value rents, to provide an attractive rate of return to the investors. . . . *Today* a sensible guideline figure might be 4 per cent."

Mira Bar-Hillel

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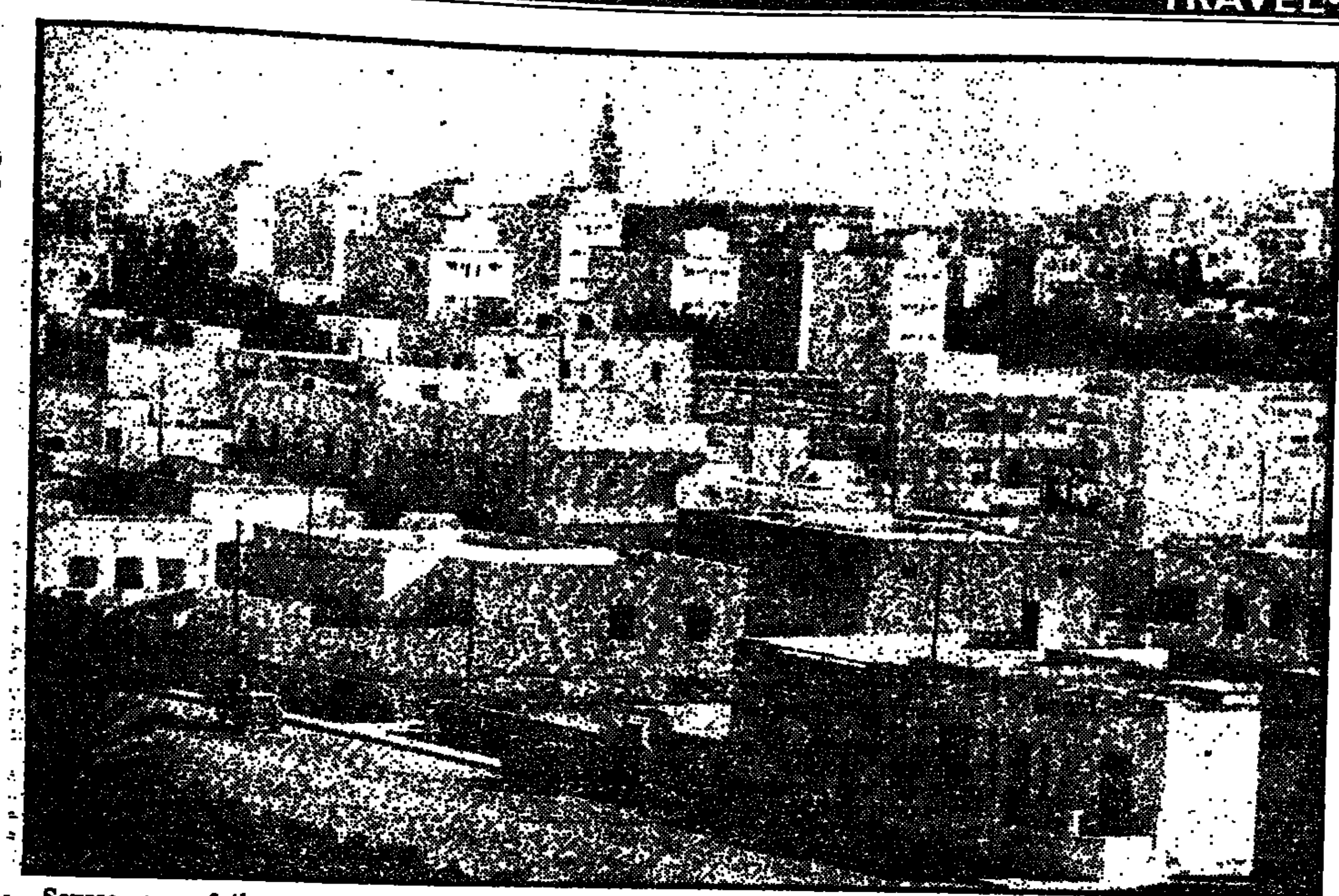


Sousse, one of the coastal towns of Tunisia, where the Ribats, or fortresses manned by monk soldiers, have been well restored

Whiffs of gunpowder old and new

HOWEVER ATTRACTIVE the major resorts in Tunisia are — and the sun setting on the Spanish fort of Hammamet is still a sight no seasoned traveller can afford to ignore — there are other sights and towns across the broad stretch of Tunisia, Algeria and Morocco which few Europeans have ever heard of, let alone visited.

Most of the more tempting centres are quite accessible, although in Algeria, where most major hotels are run by the State, a greater degree of organisation is needed than in Tunisia or Morocco.

For visitors interested in archaeology Tunisia provides much variety; the ruins of Carthage may not be as impressive as some, but the sight of the once mighty Phoenician capital on the northern shores of the Gulf of Tunis has inspired, among many, the writer Gustave Flaubert and painters such as Paul Klee and Kandinsky.

Further inland, Dougga is essentially a Roman town which boasts one of the rare Carthaginian monuments the Romans left standing after they defeated Hannibal. It rivals Pompeii. South, between the towns of Sfax and Sousse, stands the Colosseum of El Jem, second only to the one in Rome.

It is on a flat plain in the midst of the olive groves which cover this part of Tunisia, visible for miles. That part of El Jem which was damaged 100 years ago was caused by the Tunisian ruler, the Bey, forcing recalcitrant taxpayers out of what they felt was a safe refuge.

On the Algerian border lies the totally unexcavated Roman site above Thelept: mile upon mile of columns and crumbling houses, temples and baths. Across the border the ruins of Timgad remains a must for any visit to Algeria; while nearer Algiers itself, Tipaza, built on a small promontory over the sea, was said by Albert Camus to look more real than many a modern city. The further west one goes the fewer the Roman remains, but the ruins of Volubilis near Fez, in Morocco, attract many visitors.

Berber and Arab archaeological sites and cities are less well known outside North Africa than the Roman ones. The French, when they occupied North Africa in the 19th and early 20th centuries, made it a rule not to excavate such sites, on the argument that they, the French, had taken over from the Romans, and that nothing of significance happened between the fall of the Roman Empire and 1830.

The Ribats (fortresses manned by monk soldiers like the Templars in Europe), along the Tunsian coast at Sousse and Monastir, have been well-restored. The Holy City of El Kairouan in Central Tunisia is dominated by the partially fortified towers of its grand mosque. The mosque at Mahdia and the Zitouna Mosque and Koranic University in Tunis, the Qalaa of the Beni Ahmad in Eastern Algeria and the lovely town of Tlemcen, with its Sidi Bou Madian mosque, stand with the glories of Fez, the site of Marrakesh, and the fortified ports of Arzila and Azemmour along Morocco's Atlantic shore, to show the wealth of art and architecture brought by the Berbers and the Arabs to North Africa over 1,500 years.

The countryside of North Africa holds well guarded secrets; the great Salt Lakes, usually dried up; El Jerid in Southern Tunisia, which on winter evenings reminds visitors of Russia as the sun sets on the salty crust of the lakes. The minute villages of Tamerza and Mides nearby are set among crumbling mountains. The eerie peace of the island of Jerba in spring attracts 40,000 pilgrims to pay their respects to one of the oldest synagogues in the world. At the Ghriba, the cork oak forest at Ain Draham on Tunsia's forgotten northern shores, boar hunting is now organised for visitors from Europe.

Morocco is so rich in natural beauty that more than one trip would be needed to explore one of the last remaining kingdoms in the Arab world. The wild beauty of the Ris mountains where Abd El Krim tied down 500,000 French and Spanish troops in the 1920s, the Cubist-like Berber villages hung on the rocks of the Atlas mountains between Marrakesh and Ouarzazate, and the fortified towns built of mud bricks, which line the oasis along the Valley of the Draa down to Zagora, would make perfect settings for Beau Geste.

For those who really want a whiff of gunpowder maybe a visit to the Club Mediterranee, soon to be opened, in El Ayoune, the capital of the Western Sahara, where the Moroccan presence is hotly disputed by guerrilla fighters of the Polisario Front. (Earlier this year a Belgian Piper plane following the Paris to Dakar car rally was shot down over this contested piece of land.)

Algeria is more difficult of access: the authorities have made no effort to encourage tourists. However, small private tour operators, as well as some travel agencies in Paris, organise tours to the Tassili and the Hoggar mountains. The Tassili ranks as one of the wonders of the world; thousands of prehistoric murals, some reminiscent of Picasso's "Blue period," are painted on rocks on a high plateau only accessible on foot. The sheer mineral beauty of the Tassili, quite apart from the paintings, is breathtaking. For those who want to get away from it all in midwinter, there are few better places than the Tassili or the many oases strung out along the northern borders of the Saharan Desert.

Francis Ghiles

A fitting image

THE TWO businessmen were always trying to upstage one another. The first one bought a Jaguar; the second one immediately traded-in his Granada for a Daimler Sovereign.

Within weeks the first one's Jaguar had been replaced by a Bentley. His rival bought a Rolls-Royce. "Better that," he thought, triumphantly, as he paraded his Silver Shadow in front of his rival's premises. Alas, he did. The Bentley was rapidly traded-in for a Rolls-Royce Camargue, complete with a radiophone.

The first call the owner made was to his business rival who, naturally, could not wait to get his own radiophone installed. And his first call was to—guess who. Only to be answered by a recorded message from the Camargue's phone regretting that the owner was not available, having parked the car at the heliport because he was using his newly acquired chopper that day.

It is only a story, of course, but the bit about the recorded message from the answering machine will soon come true. A British firm will be introducing one at the end of August.

For both cellular and System Four installations it will cost about £300, which is little enough compared with the prices currently being asked for in-car phones.

No limit can be put upon the ingenuity of the accessory makers. The car manufacturers themselves appear to leave little scope for adding things because their products are so fully equipped in the first place. In-car entertainment systems, sunroofs, headlamp washers and wipers, central locking and power-operated windows are now routinely fitted—especially by the highly innovative Japanese — to cars of modest price.

But the accessory industry always rises to the challenge. The easiest way to make one fully equipped off-the-peg car stand out in the street from another identical one is to change its appearance with plastic body extensions.

Front air-dams, side skirts, wheel-arch fairings and boot-lid spoilers were first used in production car racing for genuinely functional reasons. They soon spilt over into a much wider market, for cosmetic rather than practical purposes. It is not easy to drive a car fast enough nowadays to make them necessary, especially if the car happens to be of limited performance in the first place.

Whether the result of adding all these aerodynamic extensions actually improves the looks of the finished product is a moot point. In some cases, they undoubtedly do; in others, they must be rated counter-productive. Take the XJ-S Jaguar coupe, for example. It looks fine from the front in its original form, less attractive (some might say downright ugly) from the rear quarters. Does fitting huge and rather obvious plastic extensions make it look more or less distinguished, or just different?

Some Middle Eastern customers are spending vast sums of money on having Mercedes-Benz 500 saloons changed so much in appearance and interior equipment (would you believe *two* televisions built-into one car?) that Mercedes-Benz might prefer not to recognise them. Indeed, they might have difficulty in doing so. The three-pointed star, gold plated, on the boot lid is often the only give-away.

At the other end of the price scale, what of the Lada, all decked out with skirts, spoilers and dam? A clear case, one might think, of trying to make a silk purse out of a sow's ear. It would be hard to think of any car less in need of aerodynamic aids to keep it pressed firmly on to the road at high speeds. It is all rather like fitting a porter's trolley with light alloy wheels and racing tyres.

The buyers of all this plastic keep the vendors happily profitable and no doubt derive some innocent pleasure from adding it to their cars. Beauty must lie in the eye of the purchaser, if not always the beholder. Perhaps an air dam on the front end of a creaking old Cortina does make it *seem* to go better.

It is all in the mind, as it is with another add-on that is enjoying great popularity. The flexible strips that hang down from rear bumpers—sometimes two at a time—are supposed to conduct static electricity created by the car's moving parts away to earth. Perhaps they do, but why bother? Because buyers believe static electricity causes car sickness. It does not. Car sickness is motion sickness, like air or sea sickness.

But these flexible strips sell by the million and the habit has spread to this country from the continent, proving that French and German motorists are just as responsive to a good sales pitch as anyone else.

The latest accessory to reach Britain is the Drive Alert, a tiny electronic device that fits behind the driver's ear, like a hearing aid.

Drive Alert lets out an 83 decibel shriek if the wearer's head nods forward—as heads do before one falls asleep in a chair or a driving seat. Nodding-off at the wheel is the cause of many accidents—how many can never be known.

But if one is tired enough for this to be a risk, would it not be better to stop for 40 winks, or at least to do some deep breathing exercises at the next lay-by? I would not mind having a Drive Alert, though. It would save some embarrassing moments at one of these interminable press conferences when the effort to stay awake stands in need of some electronic help.

At £18,700, Renault's 25 VT Turbo flagship competes in the end of the market where buyers are not particularly price sensitive—after all, the company pays—but demand high standards of comfort and performance. It is dearer than the poshest Ford Granada, the £15,500 Scorpio; not much cheaper than the ageing BMW 732i SE (£19,975); and considerably costlier than the Volvo Turbo 760 Automatic, which is far from being a bargain at £17,120.

But it is easily the fastest, with a maximum of 137 mph; has vivid acceleration (a claimed 0-60 mph in a fraction over 8 seconds) and can be so economical that a tankful of fuel will take it for at least 450 before you need start looking for a pump. The instruments are sensible dials, thank goodness, but the tank contents and remaining range are indicated digitally.

Having been driving it fairly briskly, I then went on a gentle journey of 150 miles and was surprised and delighted to see the distance I could cover before tanking up actually increased for the first third of my trip.

The electrically adjustable front seats are supremely comfortable; the five-speed gear-shift is gently precise; and the ride is unruffled by all but potholes or sharp-edged drain covers. Then the V-rated tyres—necessary because of the 25 VT Turbo's high maximum speed — thump quite angrily and harshly. It is one of the few disagreeable features of an otherwise very civilized car, though I do have some reservations about putting 182 horsepower through the front wheels.

The turbocharger's boost is felt quite sharply at about 2,000 rpm. A heavy foot on the accelerator in first and second gears can make the front end feel untidy, especially on wet roads, though the Renault's manners are fine in the dry. The power steering is excellent, the anti-lock brakes most effective, the rear seat spacious and the boot enormous. But I cannot see much point in having a hatchback on this car when the rear still is as high as a normal saloon's boot—higher, in fact, than some.

Standard equipment includes an electric sunroof usable at motorway speeds and what must be the best hi-fi in-car entertainment built into any executive express without adding to the price. Automatic transmission is not offered on the Turbo, which seems a pity, but air conditioning (£850) and leather trim (£925) are optional extras. The shaping is aerodynamically low drag and the styling most attractive. I am certain Ford must wish its new Granada looked as good.

Stuart Marshall

Two-wheeling it in Eastern Europe

DEAR DIRECTOR-GENERAL:

How wrong I was to fear that your Czechoslovak state railway system would not retrieve my bicycle. I am ashamed about that scene I created after my train (the 08.47 to Prague) departed from Karlovy Vary leaving my bike behind in the luggage room. I had formed a considerable affection for the bicycle, after pedalling it most of the way from East Berlin.

I purchased this model for 490 East German marks. At the official rate of exchange that is enough to buy a West German bicycle bristling with equipment. With 220 miles ahead of me (a heavy load, and the heights of the Erzgebirge to scale, you will appreciate my dismay on hearing that East German bicycles with gears would likely not be available before the third quarter.

The bicycle was a positive advantage, poking slowly about streets blocked off around the crisply restored French cathedral and theatre. Its positive virtues, including a muscular set of tyres, came into their own on some of the rougher side roads as I pushed southwards having taken the train about 50 miles to Lubbenau in the leafy Spreywald.

As you know, the activity on the fringes of East Berlin has to be seen. (If the Plan has been more gloriously over-fulfilled, it is in the labour and love lavished by your fraternal brothers to the north on their weekend and holiday cottages.) It was similar in Czechoslovakia. Your two populations must return home on Sunday nights exhausted by their planting, construction work, and by the ingenuity and enterprise necessary to acquire certain building supplies.

After scores of dusty yellow villages, picnicking on bottled fruit juice and East German quark, I struggled into the "International Camping" site at Reichenberg outside Dresden. We foreigners, while arranging our visas with the East German travel agency, the Reise Buro, must agree to use these designated camping sites. They are vast. Here is Eastern Europe on the move—migrations within the Socialist aviary.

Every square foot of grass is filled with tents of every trigonometry and colour. Beside them are parked Polish, Hungarian, or even Bulgarian cars, packed with supplies for holidays.

Then to Dresden; a gaunt, former beauty of the Elbe. Many of its dreadful war wounds have been left as an accusation against British and American bombing raids. Some buildings remain skeletons in a modern town centre. The Church of Our Lady lies in monumental, pitiful rubble.

Kind Frau A. in Dippoldiswalde, seeing my frazzled condition after a strenuous ascent, suggested that I take the train for what seemed the perpendicular journey to the frontier. This took me to the pretty town of Glasshuette and its station. It was after shop closing time, and the town had apparently gone to sleep. I hardly saw a soul. Courteously, and even with the crease of a smile, the East German Customs girl at the border inspected my luggage down to the last smelly sock and took my notes away briefly for analysis.

Entering Czechoslovakia, the visitor — in particular one on a heavily loaded bicycle — is met by an exhilarating seven-mile downhill run. You notice the occasional bare patch of dead pines on the upper slopes as you flash past, brakes smoking. Turning west along the foothills, the heart sinks. A grey blight has fallen on large sections of northern Bohemia. Dead, dying, or struggling industries make towns like Lom, Litvinov or Komorany sad centres of neglect.

There, large communities of gypsies have been settled in towns abandoned by the Sudeten Germans. In the upstairs window of a nearly deserted village above Kadan, a dummy with a pretty dress and a painted face looks with numb bewilderment at the distant smoke stacks.

Away from the main Highway 13, apple and cherry orchards return. The fruit basket of Czechoslovakia lies in unhappy juxtaposition with its coal scuttle, and that road along the Ohre river to Karlovy Vary did much to revive my spirits. It was cool green. A happy party of schoolchildren canoed down the river rapids.

It was all a misunderstanding with the woman in the luggage despatch room at Karlovy Vary station. I can see the error of my uncharitable thoughts about her disinterest in my plan to take my bicycle to Prague by rail. You would be the first to tell me about the limited use for a bike in Prague: a city of hills, lethal tram lines, and extensive downtown roadworks. If I have any complaint, dear Director General, it is that in August the Czechoslovaks have wisely deserted their capital for their cottages. Prague is full of trippers.

Yours fraternally,

Mark Meredith

BRIDGE

SOME FINESSES must be avoided, others must be taken. The failure to understand this distinction cost the declarers their contracts in two hands from rubber bridge. Study this first:

N
♠ Q 4
♡ 9 7 6
◇ A Q 10 8 6
♣ K J 7

W
♠ 8
♡ K 5 4 3 2
◇ 5 4
♣ 10 9 5 4 2

E
♠ K 10 9 7 6
♡ J
◇ K J 9 7 3
♣ A 3

S
♠ A J 5 3 2
♡ A Q 10 8
◇ 2
♣ Q 8 6

At love all South dealt and opened the bidding with one spade, North replied with two diamonds, and South rebid two hearts. North now said three clubs, and South went three no trumps. East doubled to get a diamond lead, and all passed

West duly led the diamond five, and dummy's ten lost to the Knave. East returned the heart Knave, covered by the Queen, and the King won. West returned his other diamond, and South played dummy's Ace. This was an error, though not fatal, but he followed with another error by leading the spade Queen for a finesse, and this error was fatal. East covered with his King, South won with his Ace, but now had no means of making nine tricks.

Though it is best to duck West's second diamond—this endplays East—South can still get home, after taking with dummy's Ace, if he continues with the club seven. This compels East to take with his Ace and play his other club, in order to avoid the endplay. The declarer wins with his Queen, and cashes three heart winners. This forces East down to King, ten, nine of spades and King, nine of diamonds. Now South crosses to the club King, and East has no good discard. He sheds his diamond nine, but is then thrown in with a diamond, and has to lead away from his spade King, and it is all over.

The spade finesse was a poisoned chalice—it was taken at the wrong moment, and allowed East to escape the threatened endplay.

Now for the other side of the picture:

N
♠ J 9 8 6
♡ 8 6 4
◇ 7 3 2
♣ A K 4

W
♠ 7 4
♡ K J 9 7
◇ Q J 10 9 4
♣ 9 2

E
♠ 2
♡ 10 3 2
◇ A K 8 6 5
♣ J 8 6 5

S
♠ A K Q 10 5 3
♡ A Q 5
◇ —
♣ Q 10 7 3

With North-South vulnerable, South dealt and bid one spade, North raised to two spades, and South rebid three clubs. Taking this as an ordinary trial bid for game, North jumped correctly to four spades. But South's bid was a try for slam, and he now jumped to six spades.

West led the diamond Queen. South ruffed with his spade Queen, and crossed to the spade eight. Another diamond was ruffed high, and dummy was entered via the spade nine. After ruffing the last diamond in hand, to complete the elimination, declarer cashed Ace and King of clubs, then returned the four and won with his Queen. Tragedy—the finesse of the club ten was obligatory. If it wins, as it does, the contract is assured. One of dummy's hearts is discarded on the Queen, and declarer can cross to the spade Knave, and try the heart finesse for an overtrick. If the ten loses, the suit has broken, and West is endplayed. He must either lead a heart into South's major tenace, or concede a ruff discard by a diamond return.

E. P. C. Cotter

Archaeology

Through the doldrums to the dawns of time

WE ARE in the middle of the excavation season at Maroni here in Cyprus. We suffered halfway doldrums the other day but they are disappearing after pep talks, a party and a day for the trench supervisors without workmen. The workmen kept the great feast of the Virgin.

Mid-season slackening is a predictable event. Dust takes longer to sweep up in the trenches. Barrowboys examine the horizon as they empty the spoil on the dumps. Heat, tiredness and dust overwhelm the *supervisors. It is a time* to bear down—sympathetically, I hope. And a party is essential, and efficacious.

We found that out in Crete in *1970. There had been three* weeks at a new site called Pyrgos, and we were beginning to wonder if it was worth it. Little was appearing. So we had a party. The very next morning, five minutes after work began, a clay tablet written in Minoan Linear A was found. Now on display in the Ayios Nikolaos Museum, it lists 90 units of wine and, by being *there*, confirmed the importance of the place. After the tablet, work and finds never looked back at Pyrgos.

So here in Cyprus we had a party. Now people are catching up on notebooks and plans, and sorting, mending and marking the pottery. Some (nearly) whole vases begin to appear, from the 7th and 6th centuries BC levels, when the large public building of the 13th century BC —our principal target this year —was first re-used. It became a shrine then and may have been *one earlier, in its original life.*

One jug we are mending has no neck and handle. It was found in a pithos (large storage jar) sunk in the floor. It is nice confirmation of our idea that *the pithos was there to be used* as a cistern for water. Clearly, the jug was lowered on a rope into the jar and broke against the side, leaving most of it in *the bottom and the neck and* handle on the rope—not to be found by us.

The pottery of the Late Bronze Age life (1600-1200 BC) of the site continues to have Mycenaean and Syro-Palestinian *imports. The Mycenaean pieces* are in fine ware, and include part of a flask and of a rhyton, a tall conical funnel used in rituals for pouring or sprinkling *liquids such as olive oil, wine* or water. Its lower hole would be small enough to stop with a finger.

This is the half-term report from our Archaeology Correspondent, who is overseeing new excavations at Maroni on the south-east coast of Cyprus

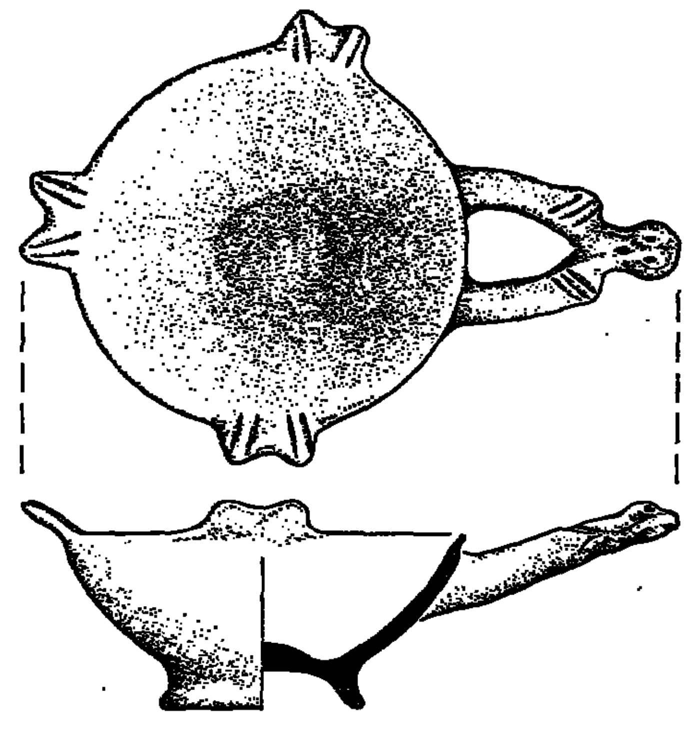
The Syro-Palestinian pieces are mostly from a shape known as the Canaanite jar. It is the forbear of the classical wine-amphora, and *may* have held wine itself. Canaanite jars would definitely have been exported for their contents and not for any intrinsic worth. They are of fairly coarse dark grey clay with an orange surface.

At the site the day without workmen meant a chance to *catch up on the general view of what we are uncovering*, and to plan for the remaining weeks. The 13th century BC public building becomes an ever more remarkable piece of civil engin*eering. We see more and more* that there was a vast re-organisation of whatever was there before, so as to put in its massive walls and foundations. *It was terraced into the hillock* as the floors are on different levels, though we still have to find the steps between the floors.

The builders must have been determined about the plan and were not *deterred* by *coming* upon such difficulties as a tomb shaft over 6 ft deep. They just made the foundations deeper there and yet more solid.

Wide mudbrick walls woud have supported a large superstructure. The mud bricks appear white and hard, and are *not always easy to find as the* soil around them is often the same. But we are helped at Maroni as red clay — quarried locally — was used as a mortar between them, so that as soon as we see a red edge in the *soil, we scrape down to look for* a wall. The red clay was also used as a packing in stone walls and as the bedding for floors.

We are looking more now for clues to explain why they chose our low hillock for such an edifice. It seems to have had only one or two other buildings with *it, with open ground around.* We are finding more evidence of the foundation of the place around 1600 BC, a time when many settlements seem to have been founded in south-east Cyprus by people coming from *the north and west of the* island, or at least sharing a common culture with those parts.



The bowl with its anthropromorphic handle found *in a tomb near Maroni in 1983.*

A good illustration is a bowl with an anthropromorphic handle we found in a tomb nearby in 1983. Its closest parallel *is from the region of Morphou.* Ideas have to travel with people, and that is what we are trying to find.

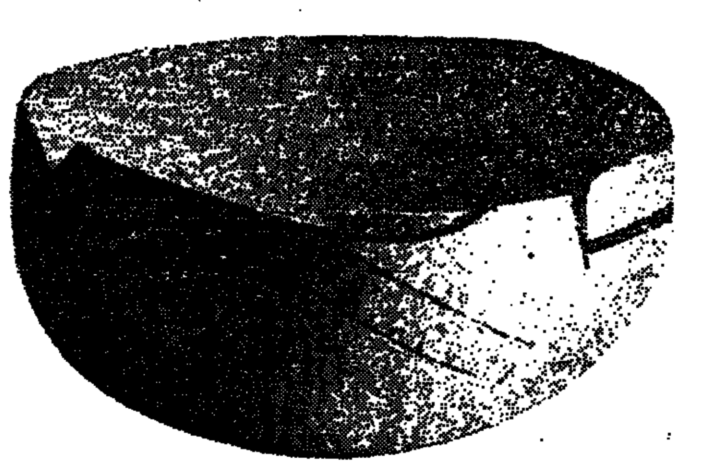
The century 1600 BC is still three centuries before our big building, which means we must *look for what immediately* preceded it. If we have time this year, we shall make a trial below one of the floors to see what is directly underneath. I hope that will give us the answers.

More olive pips have turned up, and more debris from casting bronze. They support different *explanations for the* economic base of the place: olive oil and/or metallurgy.

There are yet more pits coming down from the plough level and cutting through all the levels. Many may be as late as the 19th *century and some must* be the work of the British Museum expedition of 1897, but I wish they had thrown in some coins or papers to show where they had been. There are several vases from Maroni on display at *the museum*, Mycenaean and Minoan imports which the early Cypriots liked to have with them in their tombs.

We have now returned to dig*ging at dawn. The days are* hot and heavy and the renewed battle with the strata needs quick decisions. We are opening two trenches to keep up momentum and to come down inside more of the rooms of the big *building*.

Gerald Cadogan



Gordon Baldwin's ceramic "Painting in the Form of a Bowl," on display at Sothebys until September 13.

Collecting

Pottery's infant revolution

CONTEMPORARY British artist potters are edging into the salerooms, in the wake of dramatically rising prices for the senior generation represented by Lucie *Rie and Hans Coper. Organised* by Oxfordshire County Museum Service, a selling exhibition of the work of 22 potters has been touring the country for the past year (the combination of selling and touring is itself a novel exhibition concept. The show finally landed this week in London, at Sothebys, where it will run until September 13.

The exhibition catalogue sets out a *manifesto* for the revolution that these potters claim to represent in their art. Like the first stage in every revolution, there is a marked iconoclasm, an aggressive rejection of recent tradition. The gospel according to Bernard Leach is overturned. "Leach, the Far East, and the hand-made ethic" are "put aside, at first rejected than placed into its historical context *as one of a great* number of possible styles and sources for the potter to use . . . having discovered that the world did not begin in St Ives in 1921, artist *potters could* suddenly draw upon centuries of history."

Infant revolutions are always intolerant: "gone . . . is the deadening and depressing aura of the craft tradition. . . . There is . . . a *firm* rejection of the murky green and brown glazes that made craft pottery so boring." Functionalism is definitely *infra dig*.

The exhibition exposes dilemmas and confusions. When is a potter not a potter? Several of the artists in the exhibition are unequivocally sculptors, who happen to be working with the techniques and *chemistry* of clay rather than with bronze or marble. William Hall is essentially a painter and etcher, adapting flat ceramic surfaces as a novel medium. Although unstated, it seems an essential of the new creed to *break down distinctions* between pottery and other arts.

This *element* of the revolution accords with the revival of enthusiasm for the Victorian artist potters, with whom the Leach generation could never wholly come to terms. The older craft potters could ad*mire conventional* Martinware pots but were obliged to turn a polite blind eye to the grotesque birds and animals; Tinworth's clay mice and men were beyond the pale, while most of the Doulton artists were dismissed as mere decorators (which they were). Modern *taste is more catholic*; the new potters probably feel a closer kinship with these earlier predecessors.

Another dilemma of the new potters is a tendency to divide their energies between "art" and "*production*" works: *this* kind of schizophrenia would have been *anathema in the half* century when the Leach ideal dominated English pottery, and even now it does not sound conducive to best results in either activity.

The assertiveness of the revo*lution* results *in some* pretentious writing: the catalogue could keep Private Eye's "Pseud's Corner" supplied till the end of the decade. Thus Jill Crowley "finds herself fascinated by the ordinary people *she sees in the London streets*, especially those middle-aged before their time, exhausted by the struggle against poverty. "I can't really explain why these people concern me. I suppose I find them moving, *intensely* human."

Disentangled from the writing, however, the actual works in the exhibition are impressive in their variety and vitality. On one hand are the unrepentant sculptors like Peter Simpson, Roger Perkins with his neo-Expressionist figures, and Eileen Nesbit with her lively tributes to Futurism and Dada. At the other extreme are traditionalists like Sutton Taylor, basing his experiments on ancient lustre techniques; Eric James Mellon with his *amusing pastiches* of Greek narrative vases, Vonney Ball, who contributes a fine urn in a pure classical idiom. Age has nothing to do with it: Mellon at 60 is one of the oldest artists in the group; Ball, at 27, the youngest.

The new potters are wizards *in technique and chemistry*; and they can be witty too. Linda Gunn-Russell's flat, Cubist-style jugs and teapots are at once highly decorative and a comic statement on the artist-potters' current phobia about functionalism.

Muriel Rose, author of the classic *Artist Potters in England*, and for 60 years both the patroness and prophet of English ceramists, contributes an elegant preface to the catalogue. "*The essential* characteristic of the work of the artist potter," she says, "is that it achieves a free and personal idiom that is born of an intimate appreciation of the possibilities of the raw *materials.*" The very *least* that can be said for these works is that they are all highly individualistic. There is a group photograph of the artists on the cover of the catalogue and you can guess instantly who made which exhibits: by their pots shall ye know them.

The prices in the exhibition generally range from about £100 to £2,000. Like buying paintings, contemporary artist pottery is a field where the collector has to gamble on his own taste. It is as safe to predict that *one or two of these* potters will take their place in *ceramic history* alongside Coper and Rie and (whether they like it or not) Leach, as that others will pass into quite rapid oblivion. The art of the collector and connoisseur is, of course, to anticipate which will be which, and where best to put his money.

Janet Marsh

Video

Where to get the tapes you want

If, like me, you have used *your video recorder only to catch* up on missed episodes of *Dallas*, then you have not been exploiting your machine to the full. You could, in addition, be watching the big screen successes everyone else saw and you didn't get round to, or the weepy black and whites that were *always on while* you were finishing Sunday lunch.

You are *spoilt* for choice. For between 50p and £2, you can watch anything *from Meatballs* to David Lean's perenially popular *Dr Zhivago*. There are now in this country about 4,500 privately owned video shops, about 2,500 branches of television rental chains hiring video tapes, and about *13,000 non-specialist* outlets such as grocers, laundrettes, garages and even Chinese takeaways which have a limited selection of tapes as a sideline.

Unfortunately, laundrettes and Chinese takeaways know more about washing powder and chow mein than they do about *Shampoo* and *Kung fu and they seem to stock only* bottom shelf materials. So, if you are *seeking* advice and a large selection you are best advised to go elsewhere.

On the other hand, they do have the advantage of being very local and they very rarely demand a membership fee or deposit. *Occasionally*, they may ask for some means of identification, but as often *as not* even granny's pension book will do for that.

If you are looking for a larger stock (and you don't feel inclined to pay a membership fee) then you should perhaps go to one of the television rental shops such as Radio Rentals, Multibroadcast, DER and the like. They pride them*selves on being the Mr Cleans* of the video market—so if it's soft porn or nasties you are after, you should look elsewhere.

Most of the shops have a selection of about 350 tapes which include the top 50 chart-busters such as *Karate Kid, Police Academy* and *Tightrope* and a good range of westerns, *war films and Walt Disney* favourites. They are open weekdays and Saturdays and there are branches all over the country.

If you want an even greater choice, and a chance to hire specialist films such as *Fishing with Jack Charlton* or *Masterclass Computer Lessons*, or if you are keen to watch golden oldies and you want expert advice and service, then you *should go to one of the* privately owned video libraries. Some 1,300 of these belong to the Video Trade Association (the symbol should be on show).

Britain now has about 4,500 private video shops, 2,500 branches of TV rental chains hiring tapes, and 13,000 non-specialist outlets including Chinese takeaways.

It is worth joining because they have agreed to abide by a code of practice that guarantees *certain rights to the consumer*. If, for instance, the club falls on hard times (and this business seems to have a high risk element) you will not lose your membership fee because it can be transferred to another *member of the VTA* without any extra charge.

About one-third of these clubs charge a *membership* fee of anything up to £50, so it is *worth looking around*; but they are ideal for the keen viewer because they cover such a wide spectrum and, on average, have 1,500 titles in stock—although some like Video World UK in Bolton have more than 6,500. This particular club has free membership, stocks more than *500 music titles, some old* Chaplins, Laurel and Hardy movies and even sales training films for companies.

If the journey to Bolton isn't feasible, you can hire tapes by mail by writing to the owner, Phil Adams-Mercer, at Video World UK Ltd, 149 Chorley Old Road, Bolton; or ring him on 0204 494644.

Many of these clubs offer similar services and specialist films. The Video Palace in Berwick Street, London W1, *prides itself on its range of* blockbusters, German and French sub-titled films, Hammer Horror movies, Chaplins and some Ealing comedies; and it offers reservation and delivery services (as do Knight's Video of Knightsbridge and Video City in Notting Hill Gate).

I and N Records in Dundee *stocks all 22 of the MGM* classics such as *Gigi, Gone with the Wind* and *Showboat*. Guilt Edge Video in Croydon has a choice of 3,000 titles to hire and 7,000 titles to buy, which is sends by mail to places as far flung as China and the Falklands.

Ritz Video has branches in Hampshire, Surrey and Norfolk and demands *no* membership fee; 6,000 titles are available including all the new releases. But if you have a taste for really off-beat films (*like, say, Russian* romances of the boy-meets-tractor ilk or a *deep interest in German* subculture) then the British Film Institute Video Club is probably the one for you.

The Video Trade Association is at 54D High Street, Northwood, Middlesex, NA6 1BL.

Lucinda de la Rue

Gardening

Even the rain is lovely

ON THE whole the soggy summer has suited plants well. They have never been short of water and many have grown prodigiously though the sun-loving annuals and sub-tropical bedding plants have had a difficult time. Best of all have been the vege*tables and I have just finished* digging the heaviest crop of potatoes I have grown for years.

In part, no doubt, this was due *to the varieties I grew*, Maris Bard for the early crop and the *new second early* Marfona to follow, both of which have a reputation for high yield, but undoubtedly the weather helped. It also helped the slugs which attacked in force and it brought on an early attack of blight *which made me lift the crop* in a hurry.

Of the two varieties I prefer Marfona for texture and flavour; Maris Bard tends to be soapy (even the official description calls it "moist") and rather flavourless. Marfona is drier and tastier and it boils, bakes roasts and fries well. I *shall* certainly include it in my list for *next year when it* will be generally available.

It has already been grown commercially with success but the sets I planted in April were a special release before its 1986 introduction to the home garden market. It is a large white kidney shaped potato with very *shallow eyes which makes it easy* to scrape or peel. It was raised in Holland and won an Award of Merit in the Royal Horticultural Society's vegetable trials in 1981.

Another success this year has been a new edible podded pea called Sugarbon. This resembles *Sugar Snap but is a lot shorter*, two ft against at least five, and a week or so earlier. I supported it with 3 ft canes pushed into the soil diagonally on each side of the row and this proved to be entirely satisfactory.

The crop was the best I have had for years and the pods were edible from the time they were large enough to pick until they were almost bursting with peas, though in the later stages I did find it necessary to string them.

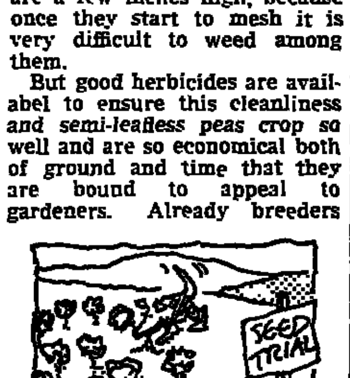
I like this type better than the traditional peas that have to be *shelled and the old style* sugar peas which never give much in the way of peas and are grown soley for their pods. With these new dual purpose peas, in *which the "parchment free"* pod has been combined with full pea production, one not only gets a much heavier crop (almost double that of either *of the other types, I reckon*) but also no waste, no time consuming shelling and the benefit of the combined flavour of pea and pod, the latter with a slight suggestion of asparagus which I like very well.

A good many people have now seen, and possibly grown, some of the new semi-leafless peas since several varieties have been on offer in the seed catalogues including Eaton and Poppet. These produce normal leaves all up the main stem but all the rest of the plant is a proliferation of tendrils.

The type was bred for commercial use since it can be *combine-harvested* very easily but gardeners are beginning to realise tht it has potentialities for them as well. Plants spaced about 6 ins apart each way will get sufficient light because of their restricted leaf area and *will support each other* by meshing their tendrils together.

The linkage is so firm that, if a bed of these peas is pushed from the side, all the plants will move. This close planting does mean that the soil must be clear of weeds and weed seads before the crop is sown, or at *any rate by the time the plants* are a few inches high, because once they start to mesh it is very difficult to weed among them.

But good herbicides are availabel to ensure this cleanliness *and semi-leafless peas crop so* well and are so economical both of ground and time that they are bound to appeal to gardeners. Already breeders



have combined the parchment-free character of the sugar peas (*it is apparently controlled by* a single gene) with the semi-leafless habit.

At every seed trial I have visited this year I have been *impressed by the* number of Chinese cabbage varieties undergoing evaluations. They come in all sizes and shapes—broad leaves, erect leaves, frilly leaves and so on.

For several years now it has *been possible to buy seed of* good hybrid varieties such as Tip Top, Sampan and Nagaoka 50 Days but the race is now on to market even better and more *attractive varieties which will* soon be appearing in the seed catalogues. It is too early to guess at names as all those I have seen on trial have been *growing under the* ambiguous title "Experimental."

As has been my practice for a good many years, I have again grown all my onions from sets, *Unwin's First Early* for use from June to August and Sturon to store for the autumn and winter. Both have done well and Unwin's First Early, which must *be planted* by mid-November (mine went in a month earlier than that), *came* through the difficult winter and spring with few losses despite the fact that my soil is cold and poorly drained, which is why I *gave up trying to grow onions* from seed.

Arthur Hellyer

CHESS

MAIA CHIBURDANIDZE, the 24-year-old world's women's champion, has been in London this week, making her first visit to Britain for the Lloyds Bank Masters. On her record she is the best woman player ever, with impressive victories over male GMs at Barcelona, Delhi and Banjaluka. She has *held the world title since* she was 17 and a long reign is assured.

True champions require character as well as skill. At the start of the tournament, Chiburdanidze went to hospital *for dental treatment. Complica*tions developed and, suffering from the after-effects of a general anaethetic, she drew her second and third round games. By round four, she was back among the *winners*; by round *six, she* was sharing the overall lead along with world no. 3 Belyavsky and British no. 1 Nunn.

The title of world champion carries *an aura and charisma* that can affect some opponents *into* below-par resistance. This week's game is an excellent illustration of how not to play against a champion: White's passive approach soon has his own knights in a tangle with his pieces huddled on the back row. Chiburdanidze exploits her advantage by lucid and classical play, opening lines for *rooks and bishops and breaking* through with a queen sacrifice.

White: I. L. Thomas (England). Black: M. Chiburdanidze (USSR).

Sicilian Defence (Lloyds Bank 1985).

1 P-K4, P-QB4; 2 P-KN3, 3 B-N2; 4 N-K2.

Already an inaccuracy. White should play 4 N-QB3, so that Black's space-gaining P-K4 can be undermined with P-KB4 and N-KB3.

4...P-K4; 5 P-Q3, N-QB3; 6 N-Q2? KN-K2; 7 P-QB4, 0-0; 8 N-B1? P-B4!

White's cramped formation enables the world champion to take the initiative far earlier in the game than a black player *would normaly contemplate.*

9 P-B3, N-Q5; 10 NxN, KPxN! *The right recapture, establish*ing the K4 square as a central outpost for knight or bishop.

11 B-B4, P-Q3; 12 Q-Q2, PxP; 13 BPxP, N-B3; 14 P-KR4?

White's gesture at king's side attack only weakens his position further. *His best chance was 14* P-KR3 to regroup the knight via *R2 to B3.*

14...B-N4; 15 B-R6, R-B2; 16 P-R5, B-N5!

Keeping the white king in the centre ready for the decisive tactic.

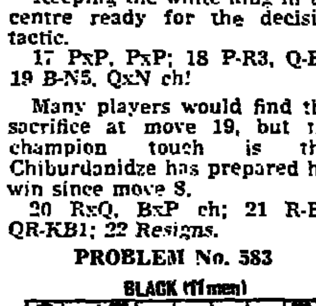
17 PxP, PxP; 18 P-R3, Q-B3; 19 B-N5, QxN ch!

Many players would find this sacrifice at move 19, but the champion touch is that Chiburdanidze has prepared her win since move 8.

20 RxQ, BxP ch; 21 R-B2, QR-KB1; 22 *Resigns.*

PROBLEM No. 583

BLACK (11men)



WHITE (10men)

Baum v. E. Alexander, Berlin 1937. Black (to move) is threatened with QxP mate. He *picked up his queen, hesitated,* then gingerly retreated 1... Q-N1. White promptly banged down the reply 2 N-Q7. How did the game finish?

Solution Page XI

Leonard Barden

WINE

A FIFTIETH anniversary that every drinker of French wines should celebrate this year with *une bonne bouteille* commemor*ates the establishment of the* system of *Appellation d'Origine Contrôlée.*

In mid-November a special commemorative seminar and an auction of AOC wines will be held in Paris. Nor should only French wine drinkers raise a glass, for the wine laws and regulations of Italy and Spain owe much to the French system. And, as has been recently announced, the Aus*trian Government is to initiate* controls based on the French. Moreover, EEC wine regulations are largely founded on the French model.

As scandals even in the past 20 years have shown, it is very difficult to assure the authenticity of a wine, for this is to a great extent a matter not essentially of quality but of origin, *the grape varieties used and the* way it is made and kept before sale.

Also, standards change. Until the middle of the last century much of the fine claret imported into Britain, its chief market, was *hermitage* in the Bordeaux merchants' cellars. The British drinkers liked their Lafite and Latour given some additional body by the full-flavoured Rhône.

Was it fraud to "improve" the wine to suit the customers' taste? It would certainly be *considered so now.*

To guarantee authenticity has been a long fight, even in so sophisticated a wine world as France—and partly, perhaps, because it is sophisticated.

As long ago as the 14th century the inn-keepers faced fines and confiscation for giving a false origin to a wine; in Louis XIV's reign wines from a particular region had to be put in *specially marked casks* of regulated shape and size.

Although in the late 19th century more than one international convention on consumers' protection covered wine, the first positive steps *towards stipulating authenticity* of origin in France were taken between 1908 and 1911.

The leading areas were delimited: Champagne in 1908, *Cognac and Banyuls in 1909* and Bordeaux in 1911.

However, in many cases the regional designations were too sweeping and included land quite unsuitable for producing good wine. Nor was the matter of *appropriate grape varieties* considered. The consumer really had no guarantee of quality.

The next move was in 1919 *when a new law passed over to* the law courts the determination of correct delimitation. Anyone who believed he/she had been wrongly treated over a wine bearing a certain appellation of origin could bring a case, but this still did not exclude poor land or specify the right grapes. So a wine made in the marshy riverside Gironde from common grapes could be labelled similarly to *one from the leading* vineyard villages of the Médoc.

In 1927 *another* law was passed which gave growers the right to label their wines as they wished without application to the courts, though at the risk of being challenged. In that event the appeal court's ruling *on a single case* would apply to the whole commune. But more and more these *courts* became involved in technical problems, including those relating to the proper grapes. Various minor regulations followed. Cognac and armagnac could not leave their regions without the appro*priate paperwork*, the use of the word "château" on a label was restricted, and *vins lations d'Origine des Vins et mousseux* could not be made in Champagne.

None of this stopped overproduction of appellation wines. From less than 5m hl in 1923, *they had risen* to 10m hl by 1931 and just on 16m hl in 1934. In the interests of the reputation of French wines control had to be centralised and not just left to the courts.

The 1927 law had been pro*moted by Joseph Capus*, deputy and then senator for the Gironde and one-time Minister of Agriculture. Long a powerful advocate of strong control, he introduced into the French parliament a bill that set up a *system of control* regulated and policed by a semi-official corporation.

Passed and issued as a decree by the Government in July 1935, what was known as the *Loi Capus* set in motion a complicated process of *appellations d'origine* that took at least 30 years to operate more or less satisfactorily throughout France. It is still subject to *change and development.*

Other legislation followed, notably the setting up in 1949 of a new category inferior to AOC: *Vins Délimités de Qualité Supérieure (VDQS)*. For some wines this provided a stepping stone to AOC status, but otherwise it has not been all that successful.

Then in 1973 was instituted the very successful *Vins de Pays* category. *Known here* as French Country Wines, there are about 100 of them, based on delimited areas in various departments, as fixed by the Ministry of Agriculture.

Not surprisingly, the 1935 law was not universally welcomed by the trade, *but* its application was enforced by a new *Institut National des Appellations d'Origine des Vins et Eaux-de-Vie (INAO)*. With a government-appointed director and representatives of all wine interests, and more than one ministry, it set up 11 regional committees. *These were later* supplemented in the leading areas by inter-professional committees of growers, brokers, merchants and official representatives.

The INAO has concerned *itself* with four main aspects: officially constituted areas of production, the permitted grapes for each appellation, the maximum yields allowed per hectare and the minimum alcoholic strength permitted by natural vinification, ie without the addition of sugar (chapta*lisation*).

The elimination of poor or unsuitable grape *varieties for* a particular region has been one of the most important factors in improving wine quality. The higher the rating of an appellation, the lower the permitted yield and the higher the *minimum strength*.

In some cases the initial yield limits were too restrictive, particularly in Burgundy, and this led to a great deal of entirely authentic wine being marketed as "surplus to *rendement*"—as well, *of course*, as others "assisted" by wines from Algeria and then the Midi.

We in Britain were the main recipients of both kinds, but this largely stopped with our entry into the EEC in 1973. In *1974 some yields* were officially increased, with a further extension a few years ago. This was, partly at least, in line with technical advances.

It must always be borne in mind that the AOC system is primarily aimed at *helping* the producer rather than the consumer, but a guarantee of origin with certain conditions obviously benefits the drinker too.

Yet a wine bearing an appellation contrôlee on its label is by no means necessarily *good*: it has simply satisfied the appropriate regulations.

While over the years the total French vineyard area has been falling, the AC (*including* VDQS) area has been rising steadily and now totals 335,000 ha. Production from 400 AOCs and 80 VDQs has increased from 4m hl *in the early days* to 20m hl in 1983. By 1995 it is estimated that the average production will be 21m hl from 375,000 ha.

About one-third is exported, and last year we imported 850,000 hl with more than 25 per cent of this coming from Bordeaux—most of it red and, since the "Bordeaux scandal" of 1973, all, we may reasonably hope, *authentic*.

Edmund Penning-Rowsell

DIVERSIONS

Starting from Scratch: Shooting

Find yourself a pedigree chum

THE GROUSE itself may be an endangered species, but the numbers of those eager to stand about in the wet and cold and take aim at this delectable bird grow every year. The numbers grow, and the sort of people who do it are changing.

Some grand olde worlde shoots do still survive, run by the landed gentry for their grand friends and what somebody once described as "seriously rich" tycoons. But nowadays syndication is the name of the game. Many shoots are run as communes, and "full guns" and "half guns" all share in the cost of the sport they love best.

For he who is born with a Purdey, so to speak, in his hand, shooting is part of his birthright, part of a way of life as natural as breathing. He probably learns to shoot on his father's estate, taken out by the gamekeeper, a 0.410 (or a 12-bore gun if his father is sensible enough to let him use one) at the ready, and plenty of rabbits and pigeons to help get his eye in.

He absorbs the technique, the etiquette, the language, the code as easily as the London child learns to ride the tube.

But what about the rest of us? Supposing we decide that we, too, would like to spend some winter days up to our knees in mud in a ploughed field, engaged in the sport described in Debrett's guide to *The English Gentlemen* as "the highest pinnacle of all gentlemanly sporting activities?"

The best, the easiest way of all to start is to have a chum. If possible, a pedigree chum. If you ask those who shoot how they began they nearly all turn out to have this invaluable asset—a "chum," with access usually to rough shooting, sometimes to golden acres and, if they are really lucky, maybe even to a grouse moor. This chum might then take you along to imbibe the atmosphere, and you can begin to gauge if this is the sport for you.

The chumless must start elsewhere. The Shooting Times is *the* magazine to buy—a useful source for second-hand equipment, spare guns in syndicates and other essential information. Buy a good book on the subject—*Churchill's Manual of Shooting* is a classic (the latest edtion was updated by McDonald Hastings.

The British Association for Shooting & Conservation has published an excellent manual called *The Handbook of Shooting* (£6.95), specially aimed at newcomers to sporting shotgun shooting. It covers all the basics, from elementary descriptions of guns and which sort to use for which quarry, to legal requirements and the safety codes.

Before you will be allowed anywhere near a shoot you will, of course, need to learn to shoot. So buy yourself a course of lessons. There are shooting schools all over the country, but Holland & Holland of 33 Bruton Street, London W1 (By appointment to HRH The Duke of Edinburgh, Rifle Makers) runs one of the most well-thought-of. Many a fine shot pulled his first trigger on their range out at Ducks Hill Road, Northwood, Middlesex. There a course of six lessons will cost you £140 and by the end of that you would know roughly what you were doing; properly instructed in all the etiquette; thoroughly grounded in the safety aspects.

But it is not yet time to get ideas above your station. Should an invitation to a really grand shoot come your way, on no account should you accept it yet. People on such a shoot will

Lucia van der Post

HOW TO SPEND IT

have shot all their lives, and will probably shoot three or four days a week in the season, disposing of thousands of cartridges a year. A beginner would find it very formidable indeed. You would be unlikely to be invited again. Just as the best helmsmen get invited onto the smoothest yachts, so it is with shooting. (*The English Gentleman* is not above advising beginners to arrive at their first shoot with the inside pockets of their shooting jackets — made specially large for the purpose — filled with dead birds to scatter around for the dogs to find and retrieve.)

Before joining any kind of shoot you will, of course, need a gun. At a formal smart shoot you would be expected to be using one or preferably a pair of good quality English guns for which you would probably have to pay at least £15,000 a pair. You are probably best to start with a secondhand gun (many gunsmiths deal in them, or look in The Shooting Times).

Sotheby's and Christie's sell such guns at auction, but take note that they will be sold "in proof" (for example safe in terms of barrels only), and not with the kind of gunmaker's warranty that, say, Holland & Holland offer.

A modestly-priced imported gun would cost about £500. For that you would get a basic gun, a non-ejector, probably Spanish. A decent secondhand English precision-made gun would probably be about £7,500.

If Purdey is the Rolls-Royce of the gun world, Holland & Holland is the Bentley. No finer guns are made in the world; which you prefer is a matter of personal choice. At Holland & Holland, there is a two and a half year waiting list for their best quality sidelock English guns. Prices start at £13,500—and still customers keep coming. Many sportsmen today are shooting with their father's or their grandfather's gun, bought from one or other of these establishments. A good pair of 50-year-old guns from either place would sell for about £15,000, so a really fine gun is a marvellous investment — it would last you all your life, and your children's.

Then there is the matter of shooting clothes. As Arthur Sandles once put it when writing on country matters on this page: "just think green, a nice muddy sort of green." The big gaffe would be to wear anything that might frighten the birds. A little bit of colour is allowed in shooting stockings, where a flash of, say, red, above the boot is perfectly all right.

Before the war nobody wore an anorak—you wore plus-fours and a tweed jacket (a sturdy lot, clearly impervious to wet). Today everybody wears a Barbour or maybe a Loden coat. Where before the war a gentleman wore leather boots or puttees (or canvas spats in Scotland, to stop the heather getting into socks) today most people wear Hunters. Before the war nobody wore ear-muffs to muffle the sound, which accounts for numbers of the shooting fraternity who are hard of hearing. (Sales people in gunsmiths have learned to "Speak Up.") Today you can buy excellent Silenta muffs and need not feel ashamed or wearing them.

Women as well as men wear tweedy clothes in muddy colours—perhaps breeches, in corduroy or moleskin, which fit neatly into the boots. A proper gentleman, shooting friends tell me, wears Trilby; a not-so-proper gentleman can get away with a flat cap. In no circumstances should you wear anything else, particularly not a funny hat with bobbles.

Now you are ready to try some shooting. You are probably best to start by looking for a "rough" shoot to join. This means there will be no full-time game-keeper, no army of beaters, no peg with your very own name on it, but you should get plenty of opportunity to shoot rabbits, pigeon, pheasant, partridges and woodcock. If by now you have still not found the right sort of "chum" you will have to look once again to The Shooting Times.

A gun on a rough shoot could cost as little as £300, but about £600 a year is probably more usual. You can also, by looking in The Shooting Times, buy shooting rights by the day, probably for about £50.

"Driven" shoots (where there is a full-time game-keeper, beaters to drive the birds and the birds themselves are laid down and bred) are, of course, much more expensive. Here the guns" stand still whilst the birds are driven over them by beating; codes and etiquette are, more elaborate, and need to be thoroughly absorbed before you fire a shot.

Freddie Griffith-Jones, in charge of the Holland and Holland shooting school, belongs to a formal shoot in Buckinghamshire (he tells me the smartest shoots are in Berkshire and Hampshire). His shoot, he says, is desperately in the red. To pay the full-time gamekeeper, the 15 beaters and the purchase of the chicks or poults, food and equipment costs about £30,000 a year. They usually have eight or nine guns and charge £1,300 a year for a "full" gun (between eight and 10 shooting days a year). This year, though, to keep costs down, they have about 14 paying guns; it means somebody has to drop out about every third time. Tipping on top (this is a must, and done according to the size of the bag; you should reckon on between £10 and £20 a time). Then there are cartridges at about £6 for 50 rounds. If you cost out the price per bird it probably works out at about £15 each.

You can also buy this sort of shooting by the day, at about £300 per gun, or £2,500 a day for nine guns.

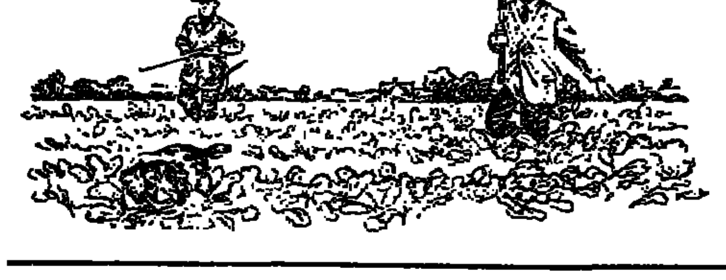
On a very smart shoot in the North of England, you would have to expect to pay between £3,500 and £4,000 for a full gun.

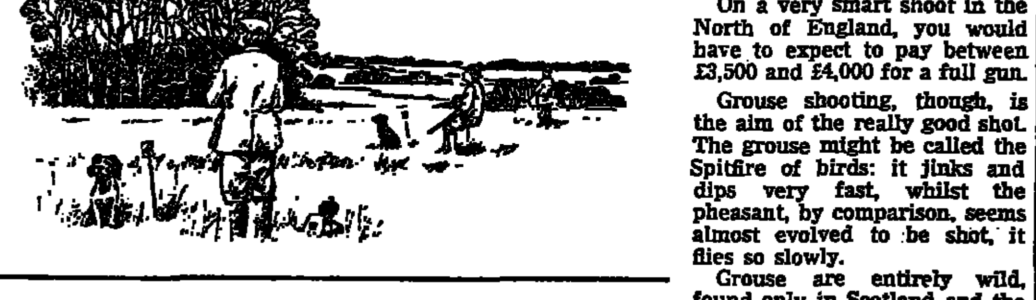
Grouse shooting, though, is the aim of the really good shot. The grouse might be called the Spitfire of birds: it jinks and dips very fast, whilst the pheasant, by comparison, seems almost evolved to be shot, it flies so slowly.

Grouse are entirely wild, found only in Scotland and the North of England, with a few outposts in Wales. For this ultimate test of shooting skill Americans are willing to pay the £200 that a day on a grouse moor normally costs. This year there were fewer grouse than ever to be found; the cost per bird is rising rapidly.

If you are still in doubt about which sort of shooting is for you, I recommend a video tape just produced by Holland and Holland in conjunction with The Shooting Times. It covers every sort of game shooting and is full of vivid pictures and marvellous tips. It costs £25.95 by mail from Prospectus Limited, 32, Woodstock Road, Bedford Park, London W4 1UF.

I have not said enough about the first requirement of shooting: safety. I will stress another quotation from *The English Gentleman*: "It is not enough to go to the finest gunmakers, dress in the most correct clothes and equip oneself with all the impedimenta from dow whistles to shooting sticks. It is also necessary to know what one is shooting at. There are quite a few objects which it is not done to shoot. These, in order of importance are one's host, one's host's dog, one's fellw guests' dogs and one's fellow guests. Keepers and beaters come further down the list but they are still not regarded as fair game."





Hunting illustration from Handbook of Shooting—The Sporting Shotgun, edited by G. D. Turner, the British Association for Shooting and Conservation, published by Pelham Books, 44, Bedford Square, London WC1B 3DU, £6.95.

James Ferguson

When it comes to clothing, nothing you wear should look too new and no colour should be too bright, if your aim is to merge into copse, field or heather. If in doubt, go to the stores that have been dealing in these things for years: there are gentlemen's outfitters up and down the country who could supply you with the plus-fours (or the less baggy plus-twos), the shooting socks, the Hunters, the Barbours, the flat cap and the gloves.

In London there are two specialist shops worth mentioning—one new, one old. Holland & Holland of 33 Bruton Street, W1, has been supplying clothing to the shooting classes for many years and is now restructuring the mail order operation to make it even more efficient. The woman in our sketch is dressed the Holland & Holland way. She wears a pure wool muted brown flat cap at £14.50 which comes in sizes 6¼ to 7½. Her Barbour costs £69 and comes only in dark shooting green. It is made of waterproofed waxed cotton and comes in sizes 34in to 38in. The cashmere jumper costs £99 and, again, is available only in dark green, sizes 36in to 40in. Her green and brown checked Viyella shirt (sizes 34in to 40in) costs £34. Her brown corduroy breeks come in sizes 12-16 at £47.50 and the shooting stockings are green with a red and green chequerboard top. Hand knitted in pure wool, they come in sizes 9½ to 11½ at £26.

The tall waterproof boots zip up on the outside of the leg and are fully lined in leather for extra warmth. They also come in green at £92 and are available in sizes 6 to 11½. Her green fingerless wool gloves have a suede palm for extra wear and cost £16 a pair in sizes 6½ to 9½. She is carrying a bag that will hold up to 100 cartridges and is made of pigskin (price £76). She is also carrying a shooting stick with a leather seat and handles costing £39. Any order sent by post will cost an additional £2.50.

Hackett of 65c New King's Road, London SW6, is a shop about which I have written at some length before but it has opened a new branch at 117 Harwood Road, London SW6, where old and newly made sporting outfits are sold. Jeremy Hackett, the owner, has organised a small tailoring company to copy old traditional clothing especially to please those who believe that, in these matters, old is best.

The man in our sketch is fitted out by Hackett. He sports a flat wool cap which comes in various tweeds in sizes 6¾ to 7¾. It costs £12 with an additional £1 for postage and packing. He is wearing a second-hand shooting suit which costs about £75 and comes in various sizes and colours, but there is no mail order on this item because the sizes vary so much. He is also wearing a cotton Tattershall checked shirt which costs £29.50, plus £1.50 for postage and packing. It is available in sizes 14½ to 17.

His second-hand tweed tie is one of a selection at £4 each and his wool shooting socks cost £9 and come in green, brown or natural in sizes medium, large or extra large. Postage and packing is 75p extra per pair. Brown veldtschoen shoes are often worn when shooting because they are waterproof; these ones are second hand, cost £39, and come in various sizes and styles. The cartridge bag costs from £69 to £79 depending on how many it holds—50, 75 or 100. It is made of leather with a webbing strap, and postage and packing is an extra £2.

The leather 12-bore shotgun case by his side is at least 50 years old and came originally from the Army and Navy. It is available from a selection which starts at £150. The gun he carries is available from a selection (starting at £190) at Holland and Holland.

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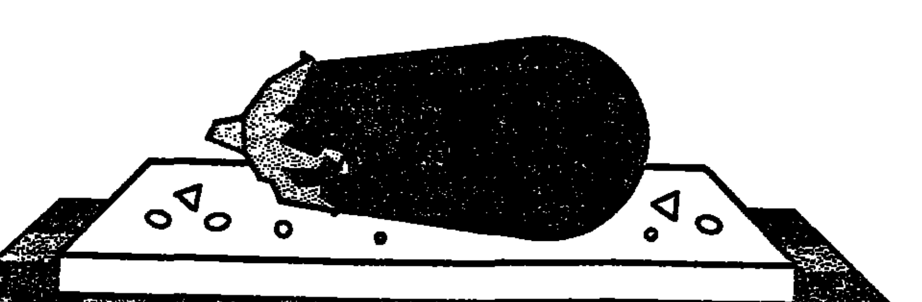
Cooking



Mediterranean memories

THE VEGETABLE stalls in our local market have taken on a Mediterranean look. Pale green English lettuce, runner beans, and cucumber are in plentiful supply, but glossy purple aubergines, gleaming red and green peppers, and fat tomatoes seem to dominate the scene with their blaze of sunny rich colours. It is hard to resist them.

TOMATO LAMB WITH AUBERGINE PUREE

Neck fillet of lamb is reasonably cheap and is excellent at this time of year, a good cut to choose for this dish which brings back happy memories of holidays spent in Turkey. The aubergine pureé is an integral part of the recipe but it could be replaced with plain boiled rice.

For 6-8 people, first cut 2 lb lean boneles lamb into small cubes, chop 4 onions, and skin and chop 2 lb tomatoes.

Heat a large, heavy based pan—a sauté pan or a le Creuset buffet casserole. Barely film it with olive oil. Brown and sear the lamb on all sides, adding it in batches. Add the onions, and stir and turn them for a few minutes. Add the tomatoes, plenty of freshly ground black pepper, two crushed garlic cloves and the juice of half a lemon. No salt. Let the mixture bubble up fiercely for a minute or so. Give it a good stir, cover tightly and leave to cook over the lowest possible heat for 45 minutes. Stir the mixture occasionally during this time.

When the lamb is halfway through cooking, start grilling 3½ lb aubergines. Prick them first to prevent explosions, and turn them as necessary until the skins are black and blistered all over and the flesh feels soft inside. Slit the skins open, scoop the flesh into a blender and reduce to a smooth purée.

Make a thick sauce with a scant 2 oz each butter and flour and ½ pt milk. Let it simmer gently for 10 minutes to get rid of the floury taste, then beat in 2 oz each freshly grated Parmesan and Cheddar cheese, and the aubergine purée. Season well, adding a little more cheese if wished. Thin with extra hot milk if required, and re-heat gently in a double-boiler.

To finish the meat, remove the lid and drive off most of the liquid so the lamb cubes are coated with a rich tomatoey sauce. Season with a tablespoon of lightly crushed coriander seeds and salt to taste.

Mound the aubergine purée at either end of a hot serving dish, scatter lavishly with chopped fresh coriander leaves, and pile the lamb mixture into the centre. Serve with hot pitta bread and a green salad.

Little tomato sandwiches make a lovely accompaniment to chilled creamy fish soup, especially if the tomatoes are scattered with fresh basil leaves and the thin slices of brown bread are spread with mayonnaise instead of butter. For a picnic lunch something more substantial is in order, such as these kebabs which are, in effect, an Eastern version of Bookmaker's Sandwich:

Cube 1½ pound lean boneless lamb and rub it with a cut garlic clove. Pour on 2 generous tablespoons olive oil and a dessertspoonful of lemon juice. Toss and leave to marinate for an hour or so before threading the meat on skewers and grilling it until nicely seared on the outside but still tender and slightly pink within.

Skin, seed and roughly chop 1 lb or so tomatoes. Cut French bread or sticks of rustic wholemeal bread into lengths slightly longer than your skewers. Split each length horizontally, leaving a hinge down one side, and scoop out some of the central crumb to make room for the filling. Fill the hollows with the chopped and seasoned tomatoes and plenty of fresh mint leaves. Lay the hot kebabs on top and dust them with a little freshly ground cumin seed as well as salt and pepper. Close the bread over the filling and, holding down the crust firmly, pull out the skewer.

Lay the sandwiches between sheets of greaseproof paper, cover with a large chopping board anr place a few small weights on top. Press for about 1 hour, gradually increasing the weights so that the meat juices, tomato, mint and cumin flavours gradually mingle and are soaked up by the crumb. Wrap each parcel in greaseproof paper and foil for carrying to the picnic.

Now that fresh spaghetti and tagliatelle are so easy to buy, pasta figures on my menus more often than ever before. In particular I find it invaluable for simple, comforting meals at the end of not-so-warm summer outings.

To make enough sauce for pasta for six or more people, gently soften 2 chopped shallots in 5 or 6 tablespoons fruity olive oil. Add 4 finely chopped garlic cloves, 1 lb tomatoes which have been skinned and roughly chopped, half a glass of dry white wine, and the liquid from 2 x 10 oz cans of clams. Cook over fierce heat for 2-3 minutes, stirring continuously, then leave to bubble more gently, just stirring occasionally, until the sauce is reduced to a thickish syrupy consistency.

How long this will take depends on the surface area of your pan: the larger it is the quicker the results.

Add the clams and a good seasoning of salt and pepper. Cover and leave over the lowest possible flame to heat through the clams while you cook the pasta. Add a large handful of coarsely chopped parsley just before serving.

Philippa Davenport

Tai Ping lessons

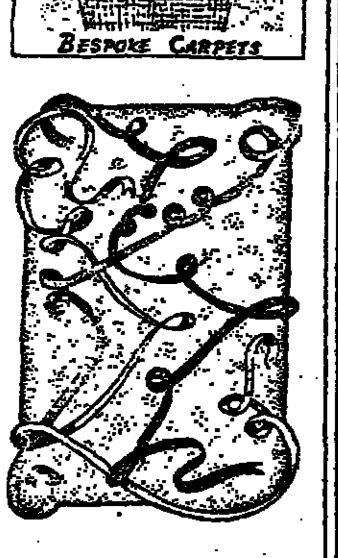
IF YOU are looking for a very special carpet, one that's exclusive just to you, then Tai Ping of Hong Kong could be the answer. There is now no need to go to Hong Kong — Tai Ping has come to London's Savile Row, number 17 to be exact. There in their first-ever British showrooms the customer can see something of the Tai Ping range.

If you have always associated modern Chinese carpets with those rather pretentious overblown sculpted designs, then Tai Ping will show you that there is much more that can be done with a tufting gun.

Besides making almost any design in any colour to order, there is an existing range that the company has commissioned from some fine designers. Chrissie Roberts, for instance, has created some refreshingly new and interesting designs in a contemporary mood without being too geometric or too spare. "Ribbons" which is sketched here, has a brilliant yellow background and the "ribbons" overlay the design in an unusual and interesting way.

Nadia Boyer works in a quite different way. Her rugs are in an Art Deco mood, all soft blues, browns and beiges with typical Art Deco crescents, triangles and rainbows.

But the 40 full-size rugs and the hundreds of other samples are there merely to whet the appetite, to illustrate the range of patterns, colours and textures available. All these skills can be harnessed to create almost any size, pattern or colour of rug. For instance, if you have a much-loved rug or carpet which is way past its best Tai Ping could make you an almost identical copy.



If you would like an existing carpet matched, it could do this, too — or it could create a new design to suit a particular room or colour-scheme. The sketch here shows a witty contemporary design produced for their own showroom.

All the rugs are hand-tufted onto a cotton canvas. Only pure wool, pure silk or combinations of the two are used and all rugs are made flame-resistant and mothproof before they are sent on their way.

• BOOKS •

Best and brightest for a birthday

THE PENGUIN NEW WRITING 1940-1950
Edited by John Lehmann and Roy Fuller. Penguin Books £4.95, 496 pages

JOHN LEHMANN's monthly anthologies of literary work, *New Penguin Writing* were among the brightest aspects of world war two. They served the cause of literature, and in a subtle way boosted morale, by keeping regular lines of communication open between civilians and servicemen. At their peak the printing of each issue was 75,000 copies, soon exhausted. I remember the eagerness with which as a schoolboy and later in the forces I used to wait for a new number to appear, and the lively discussions my friends and I would have about the contents.

As an editor setting up shop in 1940, Lehmann was in an extremely fortunate position. He had a healthy deposit account, as it were, of previously published material to draw upon, from the pre-war hardback volumes of *New Writing*, and an even richer current account of fresh contributions from writers in uniform in the various theatres of war. The Penguin volumes had their ancestor in the collections which Lehmann had begun to edit in the 1930s shortly after he had come down from Cambridge. His first anthology venture. *New Signatures*, a *poetry collection, was the brain*child of Michael Roberts, who edited it and wrote the controversial introduction, putting a new "movement" on the map. For Lehmann it brought into his orbit for the first time. Auden, Spender, Day Lewis. MacNeice (all of them Oxford graduates, as it happened).

They were to become regular contributors to *New Writing*, which was originally published twice a year by the Bodley Head, while a brilliant young publisher called Allen Lane was working there. He left to start Penguin Books and the contract for *New Writing* was not renewed. The collections continued, however, published for a time by Lawrence and Wishart. Meanwhile, Lehmann had gone to work for Leonard and Virginia Woolf at the Hogarth Press as their assistant.

The story of the various disagreements between Lehmann and the Woolfs has been told several times, from his point of view and theirs, in their respective memoirs; but it still is not entirely clear what happened. What does emerge clearly is that fairly soon Lehmann found the job of assistant at the Press intolerable, and left to go to Vienna to write poetry. We find him trekking around Europe just as Hitler was preparing his takeover. These *wanderjahre* were important. Lehmann gathered material for a book. *New Writing in Europe*, published *as a Pelican. He discovered* important continental writers like Chamson and Brecht, Pasternak and Malraux. He translated and published a "Song of the Austrians in Dachau" long before most people in Britain were even dimly aware of that infamous place. Unlike so many little magazines *New Writing* was never merely the work of a coterie. Though in many ways very English, it always had an international perspective.

In 1938 Lehmann returned to England and somewhat surprisingly rejoined the Hogarth Press, not this time as a mere assistant, but as a fully fledged managing partner with a financial stake in the company, and a commitment that it should publish *New Writing*, and that Leonard and Virginia should not have a veto over the work of authors tried out in *New Writing* whom Lehmann then wished to take on in book form. It is over the strength of this commitment, and the precise nature of the non-veto agreement, that the two accounts most sharply differ.

At any rate Lehmann succeeded in introducing the work of Isherwood to the Hogarth Press who published his *Berlin Diary* and the story of *Sally Bowles*, early contributions to *New Writing*. Isherwood had by this time become a close friend, and with Spender he became part of a sort of unofficial editorial advisory committee for *New Writing*. Isherwood and *Lehmann tried to get a contri*bution out of Virginia Woolf, but although she was pleased to be asked, she felt out of sympathy with their aims and turned them down. Later she made public her lack of sympathy in a fascinating lecture "The Leaning Tower" which was published in the hardback *New Writing*. Lehmann tried to arange a symposium of replies from some of the writers attacked but by then she was dead.

Amidst his stressful editorial relationship with Leonard Woolf, it must have come as a godsend to Lehmann to be asked by his former supporter Allen Lane to edit a Penguin version of *New Writing* and to be given a completely free hand. The original idea was simply to reprint the best of the earlier material, but as the collection established itself as a monthly this notion was soon superseded by the urgent need to publish the best of the flood of new work that poured in from both well-established and unknown authors. Thus with roots both in the pre-war world and in the war time conflict *New Writing*, as this anthology published as part of Penguin's 50th birthday celebrations, shows, acquired a peculiar blend of romanticism and realism. Wry nostalgic evocations of peacetime would appear alongside vivid depictions in prose and verse, of the London blitz, the war in the Middle East, or of the chronic boredom of service*men waiting for something* to happen.

The same writer might modulate from one mood to the other. A highly readable short-story writer such as J. Maclaren-Ross would appear in one issue recovering from penumonia in an army hospital, as in the story "Y-List" reprinted here, and in another contribution he recalled what it was like to be a 10-year-old English boy in Marseilles observing a Grand Guignol puppet show. Several of the regular contributors, Spender, Henry Green, William Sansom were members of the Auxiliary Fire Service and the anthology is rich in descriptions of the fire-raids on London. Henry Green's "Mr Jonas" is a stunning but also breathtakingly beautiful piece of writing describing a massive blaze and the measures taken to put it out. Here as so often in *New Writing* the literary artist and the front-line reporter merge. The same might be said of Alun Lewis's "Ward 'O' 3 (b)" which describes the thoughts of a young officer as he lies on his hospital bed after being wounded in the Burma campaign where Lewis eventually died.

Everyone will have his own favourites among such a fine harvest of work. I was also glad to renew acquaintance with Fanfarlo's (G. W. Stonier's) account of life inside an air-raid shelter, and of Graham Greene's of life inside a propaganda ministry in "Men at Work," and with poems by Roy Fuller, A. S. J. Tessimond, Henry Reed (no, not "The Naming of Parts" but "Chrysothemis," a monologue by the daughter of Aegisthus and Clytemnestra), Alan Ross, Earle Birney, E. J. Scovell, Bernard Spencer.

To be sure, the war was a great era for the Little Magazine in Britain, and by contrast we are starved of them now, in spite of the survival of *The London Magazine (New Writing's* successor) under Alan Ross, *Granta* energetically edited from Cambridge by Bill Buford, and the neo-Platonic *Temenos*. It would be wrong to leave the impression that *New Writing* stood alone at that time: there were dozens of others including Cyril Connolly's *Horizon* which often shared contributors with *New Writing*. Orwell first appeared in the latter, and went on to appear more often in the former, and with Maclaren-Ross it was the other way round.

Somehow, though, through its consistently high standard and its wide circle of contributors *New Writing* stood then and in restrospect still stands apart from its rivals.

Anthony Curtis

John Lehmann, wartime editor of Penguin New Writing, as a member of the Home Guard

A watered down consensus

A JOB TO LIVE
by Shirley Williams. Penguin £2.95, 246 pages

EXCEPT IN one or two of the final chapters, this is a diffident performance. Shirley Williams may be the president of a political party, but in writing about economics and information technology she appears able only to relay rather than to question or to analyse the views of the experts she admires.

The structure of the book is a mite suspicious. There are a large number of very short chapters suggesting the author has very little to say about rather too much. It might have worked better had Mrs Williams had more to say about less.

Frequently, she seems to have done little more than assemble copious lists of the facts—both interesting and uninteresting—that are vaguely pertinent to her themes. It is almost as though, by some ghastly mistake, Penguin has published the preliminary notes Mrs Williams made while reading around the subject rather than her mature reflections. In what is potentially a fascinating field, she manages to numb the intellect. There is no sense of intellectual excitement; no consistent line of argument to pull the reader along. Conventional wisdom—whether on artificial intelligence or incomes policies—is rarely challenged. Instead readers get a watered down consensus of academic opinions. Ideas, once paraded, are packed away with such speed that one wonders if Mrs Williams considers them improper.

It is hard to predict who will find the book useful. The knowledgable may find Mrs Williams's treatment of their subjects intolerably superficial. Her chapter on incomes policies and profit sharing, for example, throws no new light on the theories of Professors James Meade and Martin Weitzman. Yet lay readers may find her thumbnail sketches equally irritating. the treatment of many topics may be too brief to be fully comprehensible.

Mrs Williams is fascinated by computers, micro-chips and artificial intelligence, but she does not write convincingly about them. Some of what she says is acutely embarrassing. Who needs to be told that computers must not be allowed to take decisions for us (as if they could) because they cannot "feel wonder at a spring flower" or that society must not cede power to the "machine god" because in "civilisation's shining youth" Pythagoras said man is "the measure of all things"? And what on earth does Mrs Williams mean by her remark that "numeracy is the alphabet of mathematics"?

The author's evident unease with statistics and shaky *economics are serious handi*caps. The book is plastered with figures but they are seldom used to good effect. Often they create an impression of spurious accuracy: for example by the year 2000, we are told, 29 per cent of people will be working from home. Why not be sensible about so speculative a matter and call it a round 30 per cent or, better still, say the proportion may be between a quarter and a third? Another frequent error is to present figures without an adequate context. What use is it to say that in 1982 British Telecom forecast that sales of communications equipment would rise to £1,350m in 2000? This out-of-date statistic is not related to anything.

Mrs Williams's obsession with Britain's current account deficit in an artificial grouping of "information technology" goods betrays the instincts of an enthusiastic, but economically illiterate, junior trade minister who wants to see a surplus in every segment of the balance of payments. She denounces government policies as "monetarist" (a word of abuse) when she means "neo-classical" and she apparently thinks the City of London will grow rich on the dividends from overseas investment even though tomorrow's pensioners hold the ultimate claim on pension funds' assets. Most revealing of all is her lament that "the diffusion of technology, despite the best efforts of government and the media, is slow." Some companies, it seems, are crass enough to wait until the price of new technology falls sufficiently to make it economic, or to believe that markets convey information more reliably than politicians.

Mrs Williams seems to have fallen an easy victim to the hype surrounding information technology. It is far from obvious that technical change is faster today than in previous decades. The author certainly makes no attempt to assess whether technical change has speeded up and if so why. She gives us no new reasons for believing the world has suddenly turned a cartwheel—that a new epoch threatens doom for our political institutions and implies everybody will have to be re-educated every six months or so. Common sense suggests that information has always been crucial to economic activity—in Wessex as much as in Silicon Valley. Suddenly to start regarding it as the new and critical "factor of production" is confusing rather than enlightening. One can imagine counting a company's workforce and calculating the value of its fixed plant but hardly asking "and how much information do you consume these days?"

In spite of the flaws, Mrs Williams hammers home two good points, albeit familiar ones. The first is that in the late 20th century the keys to industrial success are the Japanese virtues of co-operation, consultation and consensus—in fact the very things Thatcherism has discarded. Secondly, much of world unemployment is structural: workers have the wrong and/or out-dated skills. Education and training programmes need to be re-vamped quickly to equip people, especially the unemployed, with the appropriate new skills.

These are valid points. But Keynes, it should be recalled, was rebuked for exhausting us with his General Theory of Employment, Interest and Money, when its essential point—that classical economics ignores the stickiness of wages—could have been made in a short letter to the Times. Mrs Williams's book, of course, bears no comparison with Keynes's theoretical masterpiece. So the same question needs to be asked of her with even greater force: would not a letter, even a long one, to the Editor of the Guardian have sufficed?

Michael Prowse

Shirley Williams: little to say about much

...try, try, try again...

KEYNESIANISM v. MONETARISM AND OTHER ESSAYS IN FINANCIAL HISTORY
By Charles P. Kindleberger. Allen and Unwin £20.00 328 pages.

THE FORD Professor of Economics Emeritus at the Massachussets Institute of Technology reprints here a number of lectures and articles written in the past 15 years mainly on the financial history of Britain, France and the U.S. in the 18th, 19th and 20th centuries.

Professor Kindleberger writes as an economic historian rather than an ecomomist. He displays for us a fascinating panorama of trial and error in economic policy over three centuries, and—in the American fashion — a formidable erudition. His natural inclination, however, is to describe rather than to explain, and his volume does not purport to offer a continuous or systematic argument.

Linking together many historical scenarios (and fortifying the title *Keynesianism vs. Monetarism)* is the author's basic theme that most of us are born either expansionists or deflationists, and that current *controversies* have been repeatedly rehearsed in the past, at least since 1700. He is perhaps a little uncertain whether he regards Keynesianism and Monetarism as doctrines or policies. When he brings himself to define them, he does so thus: Keynesianism as the "view that left to itself the economy may not fully employ the resources available, and that expansionary Government action may be necessary to achieve full employment and growth;" and Monetarism that "the principal economic task of Government is to regulate the money supply, and in particular set limits to it."

Professor Kindleberger himself takes refuge in the comforting belief that both sides are half-right and half-wrong, and suggests that the aim of economic policy should be:

> To expand bank lending and the money supply in depression with low rates of interest, to raise rates when full employment is approached or the balance of payments is adverse . . . and to restrict money rigorously in periods of excited speculation until the virtually inevitable crisis, when the lender of last resort should make it available to sound borrowers.

I have never come across any professed Keynesian who would seriously disagree with that.

In describing the British "Currency School" and "Banking School" of the early 19th century as Monetarist and Keynesian respectively, Professor Kindleberger perhaps stretches the facts a little far. But he is wholly convincing in showing how the controversy which preceded the "return to gold" in 1819 — and the damaging consequences — markedly resembled those of 1925. He is likewise right in pointing out that (until Keynes's "Economic Consequences of Mr Churchill") there was less intelligent argument in the 1920s about the *rate* at which the £ should be stabilised than before 1819, and also that there was a remarkable disregard in the 1920s of the lesson of 1819.

It is only odd that Prof Kindleberger does not mention the classic debate between John Locke and William Lowndes, the Secretary of the Treasury, which lay behind Newton's fixing of the gold price in 1717 and which so closely parallels the controversy of 1925. It would have even further strengthened his basic theme.

Detailed and intriguing studies are also included in this volume of the causes of the German Hyperinflation of 1922-1923 and the Great Crash of 1929. The author asks the strangely neglected question why the German economy did so badly after 1918 and so well after 1945. But I am not sure that he answers it. On this as well as 1929, it is at least instructive to learn that the experts are still sharply divided on just what happened and why (quot homines, tot sententiae). I cannot myself believe that a chance remark by Philip Snowden in 1929, even mistranslated into French, had world-shattering consequences. But the decision of the French Government in 1928 to hoard gold does appear to have been one cause of the crash.

In a vast canvas, the author seems to me to go only very rarely astray: as for instance when he says, sweepingly that in post-1945 Britain expansionist policies "produced inflation rather than growth." Actually in the 25 years after 1945 there were only two years in which real GDP per head did not grow, and industrial production in the whole period grew faster than at any time since 1800 except for 1932-1937. Other countries' output may have grown even faster; but to get the perspective right, both facts need to be recorded. It is also curious that in one passage Professor Kindleberger describes as "somewhat chaotic and unconvincing" the arguments of McKenna and Keynes against adopting the old gold parity in 1925, since in other passages he seems to agree with them.

On his last page Professor Kindleberger remarks that "Milton Friedman believes in government by rules, not by men"; and then in contrast quotes Sir Robert Peel who wrote on the Bank Charter Act of 1844:

> My confidence is unshaken that we have taken all the precautions which legislation can prudently take . . . and if it be necessary to assume a grave responsibility, I dare say Men will be found willing to assume it.

They were. Professor Kindleberger evidently prefers Peel. And so he finishes up — just—on the side of mankind, if not of the angels.

Douglas Jay

CRIME

THE DISPOSAL OF THE LIVING
by Robert Barnard. Collins £7.50 183 pages

OUR FATHERS' LIES
by Andrew Taylor. Gollancz £8.95 200 pages

AS A DEVOUT (but not blinkered) Agathian, Robert Barnard is naturally attracted to the traditional mystery forms; and here in The Disposal of the Living he essays the most hallowed of all: the good old English village murder.

Barnard's Hexton-upon-Weir is not many miles, spiritually, from St Mary Mead; and its concerns are much the same: the annual fete, the naming of a new vicar, family secrets. The author gives some of these features a new twist (the soppy young lovers are a wonderful invention).

William Dougal has been featured in two previous, much-praised novels by Andrew Taylor. In his third, he is less prominent than his once and future girl friend Celia and his father, who is the most active of all in the unravelling of a complex, but not unconvincing tangle.

William Weaver

Fiction

Stories told in counterpoint

UNEXPLAINED LAUGHTER
by Alice Thomas Ellis. Duckworth. £8.95. 155 pages.

GENTLEMEN IN ENGLAND
by A. N. Wilson. Hamish Hamilton. £9.95. 311 pages.

THE GARISH DAY
by Rachel Billington. Hamish Hamilton. £9.95. 287 pages.

FLOATING DOWN TO CAMELOT
by David Benedictus. Macdonald. £8.95. 256 pages.

KARIN
by Margareta Bergman. Duckworth. £9.95. 253 pages.

ALICE THOMAS ELLIS'S latest novel — really a novella —is an unusual ghost story, but, although full of amusing things, never quite makes up its mind as to what it wants to do. Lydia goes to her Welsh cottage to get over an unhappy love affair. Her friend Betty comes with her to look after her (with a vengeance); she would have liked to be alone. The intrusions of Betty into Lydia's state of mind are pathetic, awful (the trouble is that they have that kind of shrewdness which is unwelcome from people to whom one thinks one is naturally superior) and beautifully observed. But Lydia is also involved in another, ghostly story: the reader gets most of this, which is supernatural in italics. It does not come off at all.

True, the two stories—Lydia's state and the state of the dead Welsh people—do have a relationship, and it is evident that the author wants to counterpoint them. Unfortunately, although the reason is hard to put one's finger on, this simply does not work. We have a light comedy of manners side by side with something much more serious. But, as with everything from this writer, *Unexplained Laughter* is a worthy effort.

A. N. Wilson's new novel, *Gentlemen in England* set—not unpredictably — in well-to-do England towards the end of the last century—is an impeccable essay in nostalgia. It is about a certain kind of Victorianism, and deals with various Victorian types, and most of all with versions of Victorian Christianity and resistance to Christianity.

The people depicted are mostly in trouble, although their trouble is mitigated (it seems to me) by the fact that this was a solid age such as we have not known. One aspect of the book left me less happy: the author's all too evident Chester-Belloc point of view stifles his inventiveness; one understands why he is known to some as a young fogey.

The Chester-Belloc point of view, with all its virtues and failings, belongs to the people in the novel. The essence of it, and the essence of enjoying and appreciating it, is that it will never come again. It has gone. One does not wish to accuse an author of being a snob. But it is very clear that Wilson fails entirely to see what the threats to Victorianism—and to the well-to-do sort he depicts here, with knowledge, love and readability—were built into its very solidity, which sometimes functioned as complacency. There is also (shades of Chester-Belloc!) a discussion of Jesus Christ as Jew which left me uneasy; if this kind of thing is to be brought in then it should be properly worked out, and here it is not.

Rachel Billington's *The Garish Day* is the efficiently but never excitingly told story of Harry, who is born in India to a diplomat and his timid wife. Baptised secretly as a Catholic by his mother, he grows up as a conventional boy. He enters the foreign service. But he cannot share his father's values, and seeks different ones. As well as being a *bildungsroman* this is also a contribution to the English Catholic Novel. As such it is stolid but not truly substantial.

David Benedictus' *Floating Down to Camelot* is an Oxford man's excursion into black comedy, which takes place in Cambridge. A book that has as one of its epigraphs "in the beginning was the word" ought to be good. But this is not, and the author ought to have remembered just that: you cannot write novels with ideas, and especially not with rank silly ones. This is supposed to be about free will and determinism. Everyone is allowed one Awful Mistake and I hope that this will be David Benedictus's last one.

Margareta Bergman is the sister of Ingmar Bergman and *Karin* (written in English) offers an account (in part) of their parents. We are already used to them, or so we thought, from *Fanny and Alexander*. This novel is said to give a "radical corrective." I cannot comment on that: there are many realities. But it is a very interesting confessional novel, often very painful. The English is sometimes a bit uncertain (when did people stop saying a "lusty wench"?), but never too obtrusively so. I think it will be read with great interest. One of the Swedish magazines commented that it was not hard to imagine the main part being played by Liv Ullmann. But not directed, this time, by Ingmar Bergman; or so I assume.

Martin Seymour-Smith

ARTS

Venice Film Festival

Argentinian exiles in Paris — a scene from Fernando Solanas's film "Tangoes"

Last bastion of absurdism

WITH EUGENE Ionesco on the jury, everyone has been wondering what might happen at the 42nd Venice Film Festival. Would bald prima donnas, or their movie equivalent, erupt into view on the Grand Canal? Would there be a tendency for truculent film directors to turn into rhinoceroses?

This critic, who was once rash or venturesome enough to stage Ionesco's *The Future is in Eggs* at university (starring Salman Rushdie covered in white flour atop a stepladder as Grandpa), has always gone to film festivals in the belief that they are the last bastion of absurdism in a too sane world. Venive especially is wonderfully unpredictable. One year there is too much bureaucracy, the next too little. In 1984 there was a gaily coloured minaret outside the Palazzo Dei Cinema; in 1985 there is a lush Mozartian garden with portable shrubs and trees. Last year the festival declined to find me an hotel. This year, for reasons far too Ionesco-ish to explain, I find I am in two . . .

The early films have likewise varied between the beatific and the bizarre. Unfazed by no-shows from Kurosawa (*Ran*), Fellini (*Fred and Ginger*) and our own Peter Greenaway (*Zed and Two Noughts*), festival director Gian Luigi Rondi has scanned world cinema for a distinguished line-up including Skolimowki, John Huston, Ridley Scott, Kobayashi, Varda, Tanner and Pialat.

But already there have been suggestions that this year's Golden Lion should be commuted to a Golden Cuckoo. Serious early contenders are Alain Tanner's *No Man's Land* and Fernando Solanas's *Tangoes*.

In the first the once paean director of *The Salamanda* and *Jonas* conceives a rural-anarchic merry-go-wrong about life's outsiders, fashioned on the lines of *Favourites of the Moon* (last year's favourite at Venice). Destinies dovetail on the French-Swiss border as two displaced girls and two petty criminal men love, smuggle, plot debate and endlessly talk while low-flying political messages about identity and alienation zoom overhead.

Tangoes by Argentina's Fernando Solanas also shows a frolicsome demeanour while delivering its ten-ton message, strewing songs, dances and comic turns through its tale of Argentinian exiles trying to make ends meet — and dreams and hopes likewise — in Paris. They try to stage a *Tanghedia* (a tango ballet) but are interrupted by ghosts, familial and historical. And Solonas, alas, is constantly interrupted in his attempt to cross-breed styles — opera, ballet, slapstick, *Tableau vivant* — by the need to deliver portentous political morals.

In compensation, if mostly out of competition, the big guns have been firing away every midnight in the Sala Grande. America has sent *Back to the Future*, *Mad Max Beyond Thunderdome*, *Cocoon* and other Hollywood howitzers. And Ridley Scott's *Legend*, which is in competition, strewed a few folkloric grace-notes, of which more when it opens shortly in London.

The festival's pleasantest surprises have been Agnès Varda's *Sans Toit Ni Loi*, Daniel Helfer's *Der Rekord* and Eric de Kuyper's *A Strange Love Affair*. Varda's heroine is a runaway girl (Sandrine Bonnaire) hitting the country roads in deep mid-winter and living from one casual collision to another — a long car hitch with a lady tree surgeon (Macha Meril), a squat in a chateau, an attempted rape or several — until her death in a ditch. This last is a great French tradition: cf Victor Hugo: "Ici dans ce fosse cessons de vivre." But the film fends off formulary fits of romantic gloom and gives us a perky progress through notions of freedom, embodied in Mlle Bonnaire's bruised but beautiful charisma.

Der Rekord is a fizzing sci-fi fable from Germany about a young man seeking to break the world TV-watching record and finding that by the finish his brain has turned into a television receiver itself. (Surely some message here for aching-eyed festival viewers?).

Even better is Eric de Kuyper's film, from the mournful Dutch wit who gave us *Naughty Boys* at Venice two years ago (a sort of Gothic Expressionist *Salad Days*). *A Strange Love Affair* advances over a few *longueurs* to present a homosexual romance in black-and-white and cherishably off-kilter English dialogue, haunted by bits of old movies (*Now Voyager*, *Johnny Guitar*) and a rich line in camp incongruity. Who could resist the idyll in a beach chalet, with lush romantic dialogue counterpointed by a painted backdrop of motionless yachts and frozen bathers? The real and surreal exhilaratingly mix it.

As they always do at Venice. Keep watching this space.

Nigel Andrews

Saleroom

At home, over the odds

NEXT WEEK the peace of the Close of Salisbury Cathedral, the most perfectly Barchester-like ecclesiastical backwater in England, will be invaded by that secular and hard-nosed tribe, antique dealers. They will be roaring up in their station-wagons to buy up the contents of Myles Place, the home of the late Sir Arthur Bryant, which Christie's South Kensington is selling on the premises.

House sales hold a peculiar place in the annual round of the salerooms—they are the devil to organise but they can produce astonishingly high prices. Historically every sale was a house sale, with the auctioneer selling up the contents on the spot. Then along came James Christie in 1766 to organise auctions in his own rooms.

After the Second World War house sales went out of fashion until Sotheby's caught the imagination with the Mentmore Towers auction for Lord Rosebery in 1977: its total of £6.4m has yet to be topped although Christie's almost managed it last year when the Guinness family sold up its English home in Elveden in Suffolk, adding £5.7m to the Iveagh fortunes. This year has been quiet—Myles Place is only Christie's second in 1985 while Sotheby's has managed just three.

But in November it has a big one — it is disposing of the contents of Littlecote House in Wiltshire which Peter de Savary owned for a few weeks. He bought it earlier this year, is now selling, and hopes to make £4m from the contents, which include the best group of Cromwellian armour in private hands. There is a chance that the Armories at the Tower of London, supported by the National Heritage Fund, will step in and acquire the armour before the sale, but even so there are enough pictures, and an unrivalled collection of oak furniture, remaining to make Littlecote a major event.

The right house sale can scatter all the pre-conceived estimates of both auctioneers and the trade on the value of antiques. It is to be expected that, at the cheapest end, among the garden tools and the bed linen, prices should be irrational as local people compete to acquire a memento of the "Big House." What is less easy to explain is the exorbitant prices paid for routine items, of silver or furniture.

For example, silver candlesticks, dated 1800, appear at any silver sale and Christie's was confident that its estimate of around £450 for a set of four at the Elveden sale was on target: it sold for £950. Another unexciting lot—24 silver coasters of around 1920, also doubled their estimate at £950. It was the same throughout this auction—a pair of large Japanese lacquer cabinets, estimated at around £20,000, sold for £80,000; a portrait by Hicks of an Edwardian Countess of Iveagh found a buyer at £132,000 while its estimate was about £40,000.

Such prices are more remarkable than a second-hand lawnmower selling for £385 at Sotheby's Sissinghurst Court sale in July, or a 19th century mahogany clothes chest making £440 in the same auction. But one of the excitements of a house sale is the bunfight at the end of a long and tiring day when the auctioneer lowers the starting price on a lot to 50p.

Why does the trade pay over the odds at a house sale? One factor must be the effort involved in journeying down to the Weir in Herefordshire or Belton House, Lincolnshire: they want to acquire something to make the trip seem worthwhile. There is also the provenance—the contents of a house sale have usually been in place for many years, and if the owner, too, has a suitably impressive pedigree the furniture or silver acquires an immediate premium. There is also the advantage of seeing the items at the preview in domestic interiors: their qualities can be better appreciated than in the maelstrom of an auction house. And there is the competitive element as dealers bid against enthusiastic locals.

The auction houses are selective about holding sales on the premises. It must be the right part of the country—Yorkshire and Dorset are usually responsive, the Midlands less so; the house, ideally, should be grand, or unusual, and be owned by a respected and entrenched local family; there must be a good specialist collection — dealers in Japanese works of art will not travel down from London, or abroad, if there are just a couple of Imari dishes on offer.

The Bryant sale fulfils all the criteria. The house is perfect and Sir Arthur was a famous historian. The contents are not so outstanding that they would set Christie's King Street saleroom alight, but they are well worth venturing down to Salisbury to monitor. The books are interesting, ranging from a rare run of Victorian copies of the Illustrated London News (top estimate £5,000) to two tea-chests full of books (top estimate £200).

There is some good honest 18th century furniture, and a series of 17th and 18th century family portraits which Sir Arthur bought at the house sale of his relatives, the Shakerley family, who sold up Somerford Park in Cheshire in 1925. He bought well: a family group by Sir Godfrey Kneller, which went for 36 guineas in 1925, carries a top estimate of £10,000, while another, which cost Sir Arthur a modest guinea, has a £600 price tag. Perhaps that example is incentive enough to bring the hordes to Salisbury's Close.

Antony Thorncroft

Theatre

Fringe thoughts and Scottish heartbreak

Festival Theatre USA, of Southern California, a group of theatre students under the direction of John Blenkinchip, has visited the Edinburgh Fringe for many years and I eventually tracked them down at the Cluny Church Centre in Morningside for a midnight performance of William Finn's *March of the Falsettos*, a brilliant and original operetta for five voices and small orchestra here receiving an overdue British première.

The central character, Marvin, has a wife, a child, a psychiatrist and a male lover. Marvin has problems. His son sings "My father's a homo" and embarks upon unhappy adolescence. The shrink falls in love with Marvin's wife. Marvin and his lover fall out and the lover packs his suitcase. The show is through-composed, smart and witty, and very funny, with 20 intriguing songs, some of them reminiscent of middle period Sondheim.

The score was superbly played on piano by Timothy Steele, and Steve Josephson's production was brave and spirited. There are three more performances, on Friday and Saturday, of a show more than worth catching.

Although fringe attendances have been good, some groups, such as the American students, have been badly hit by the concentration of media attention on the Assembly Rooms and the reanimated Traverse. I have mixed feelings about this. Both of those major venues have hosted good productions. But the Edinburgh fringe will only remain valuable if groups of students and offbeat, unpublicised companies continue to support it. And many of them face crippling costs and rising rents. The Fringe administrator, Michael Dale, has warned that the diversity of the Fringe is under serious threat.

Meanwhile, the Traverse under its new director, Jenny Killick, has enjoyed critical and popular acclaim and its future seems a little more assured. Peter Arnott's *White Rose* was a touching and powerful play about the Russian pilot Lily Litvak (Kate Duchene) as the Red Army presses on to Rostov in 1942. Lily competes and triumphs in a man's world while her friend on the ground, the engineer Ina Pasportnikova, is covered in oil and not glory. Ina is depended upon, loved and then left. As Ina, Tilda Swinton gives one of this festival's truly outstanding performances. The play is beautifully written and ingeniously and sensitively directed by Stephen Unwin.

Bill Paterson has arrived late this year but his lunchtime divertissement in the Assembly Rooms is a quirkily enjoyable oddity. *A Day Down A Gold Mine* is an anti-capitalist revue devised by the sculptor George Wyllie, featuring several of his rusty metal moving sculptures and a magnificent triptych of brutalised copies of the Financial Times. In song and in anecdote, Paterson tells us where Galileo and Paracelsis went wrong and how the little-known Greek god Trestacles ("the god who always went one better") tricked idolaters into going on package holidays. Slight but pleasant.

After lunch in the Assembly Rooms you should also catch Phelim McDermott's remarkable solo performance in *Cupboard Man*, adapted from an Ian McEwan short story. Music by Ligetti and Glass contributes to the Gallic, Robert Wilson-ish, Mode of McDermott's confessional tale of an only child, sad and violent, who wants to return to the womb and his cupboard. McEwan's grisly story is made curiously more palatable by Julia Bardsley's impressive direction.

Finally, the admirably wacky and inventive Glaswegian playwright, Marcella Evaristi, has a new two-hander at the Traverse in which, paired with Elaine Collins, she descends from outer space in a shiny pink leotard to try to piece together a missing Hollywood movie. *Terrestrial x Extras*, like Craig Raine's Martian Poems, re-invents and celebrates the obvious in daily contemporary life by looking at it through sharp and alien eyes.

AS THE Fringe and the Festival pack their bags in Edinburgh, so a new season dawns at the Glasgow Citizens with a magisterial revival by Philip Prowse of Shaw's *Heartbreak House*. Although the Citizens did a highly imaginative *Pygmalion* some years back, this is the Shaw play best suited to the Gorbals style of apocalypse in the gardens and salons of the West.

The nautical and scientific instruments, emblems and scenic effects are dispensed with in a design that, even by Prowse's standards, is achingly beautiful and spectacular: a forest of suspended red and green discs, creating the effect of an inverted poppy field, shivers and sways above Captain Shotover's Sussex fastness and the guests—one of whom declares they might all be in a dream—are invaded throughout the action by a quartet of soldiers in full battledress running, marching and finally staggering in a diagonal bisection of the stage.

That is about as specific a reference to the Great War that we have and the production delivers the great resonant text more or less complete, pouncing rightly on the Chekhovian mood of listless anxiety among a representative group of English social and material aspirants. Whereas the Shotover of Colin Blakely or Rex Harrison takes centre stage as the dominating old mystical sea dog, Robert David MacDonald, tousle-haired and dyspeptic in garden wellies, offers Ellie Dunn (Yolande Vasquez) wise saws and comfort as though they were a box of chocolate biscuits.

I have no great objection to this. The approach cuts the play's pretentious sonority down to size and leaves plenty of room for all the other points of view to emerge with full force. Thus Giles Havergal's willowy and originally wimpish Mazzini Dunn (sensible woollen dressing gown in the last act instead of the usual florid silk affair) is a very good foil to Patrick Hannaway's bullish, sweating Boss Mangan, a blood relation of this same actor's Pierpont Mauler.

George Wyllie (left) and Bill Paterson digging in Edinburgh

Rupert Everett returns to the company to give a definitive Randall Utterwood, cigarette holder clenched firmly between those upper-class jaws, a languid Foreign Office toff with a crush on his sister-in-law whose hopes evaporate in his explosive sobbing fit.

Robert Gwilym's Hector Hushabye similarly works outwards to the temperamental extremes of the role, laying about himself hilariously in the first act tantrum and contemplating the night calm before the storm cross-legged in Arab dress, heaving on a hookah. Jane Bertish and Jill Spurrier are admirable as the Shotover sisters, Keith Casburn a bald Welsh burglar.

Gerry Jenkinson's lighting is of its usual exquisite calibre, finding coolly inflected grades of rose and magenta in the poppy field through which eight lace-curtained windows are descried to further bury the usual ponderous literalness with which British productions interpret Shaw's ship of fools heading for the rocks.

Michael Coveney

Jazz Festival

Old and new in a Welsh setting

THE MARKET town of Brecon nestles snugly in mid-Wales, the River Usk winding rapidly along its edge. Last month Brecon achieved national attention with its by-election result. For the most part, though, it is known for its links with the Brecon Beacons National Park and as the birthplace of the 18th century actress Sarah Siddons (the actual house is now a pub in her name). Then in August last year it staged a jazz festival. Its success has just been repeated and indications are that annual renewal will widen further and enhance Brecon's name.

It is a modest affair but one which, for a fleeting weekend, brings national and international jazz musicians to Brecon's streets, pubs, hotels, clubs and halls. Apart from the vital assistance of the Welsh Jazz Society in Cardiff, it is totally local in concept and organisation. This year it cost around £27,000 to stage. Most of the money came from ticket sales but about £7,000 was raised in the town from shops and businesses plus such bodies as the South East Wales Arts Association, Brecknock Borough Council and the Wales Tourist Board. The local licensed victuallers' association sponsored free sessions in pubs but brewers, to their discredit, backed nothing. The Ford Motor Company provided the impressive canopies which covered the two street bandstands.

Though the indoor concerts in the evenings were the festival set-pieces it was in front of the bandstands that the weekend's atmosphere was absorbed. There one could marvel at the Django Reinhardt-styled acoustic guitar playing of the Belgium Fapy Lafertin as he underlined the truth of the Duke Ellington title "It don't mean a thing if it ain't got that swing."

He sat in — much to their benefit — with the European Classic Jazz Band, an international septet of mainly youngish musicians specialising in old jazz. Paradoxically the oldest performer during the weekend, saxist Benny Waters, an astonishingly enthusiastic octogenarian, was far more modern in his approach when heard alongside another veteran, guitarist Al Casey.

Stark contrast on the other bandstand came from District 6, named after a former Cape Town ghetto, and specialising predictably, in the sounds, rhythms and raw emotions of South Africa. Pianist Mervyn Africa was the consistent driving force behind most of the music, but the solo height of their first set was an exciting trombone duet, full of weaving counterpoint, from Annie Whitehead and Nick Evans, spurred along with urgency by drummer Brian Abrahams.

Excitement too and more besides from the 29th Street Saxophone Quartet from New York who proved beyond doubt that two altos, a tenor and a baritone-sax can, without any rhythmic backing, produce the most exhilarating jazz. Though it has, of necessity, [illegible] slightly arranged, the quartet's music is daring in its concept and dextrous in its execution. The musicians, Bobby Watson, Ed Jackson, Jim Hartog and Rich Rothenberg, interact and complement each other with adequate space left for solos. Such is their mastery that they are able to infuse humour without strain, as witness their hilarious "Hotel de Funk."

Away from the bandstands, the streets and pubs of Brecon resounded during the days and late evenings to the sound of music. Sometimes it came to the listeners, as when the uninhibited red-sweatered members of the Breda Carnival Jazz Band (also called "Krukke", a dozen musicians specialising in fun, not necessarily jazz, struck up without warning in a corner of the courtyard of the Wellington Hotel.

A walk away from the main area, towards the edge of town, found a band from Belgium, The New Orleans Jazz Train, backing the familiar figure of British trumpeter Alan Elsdon in a pub garden. But unfamiliar names should always be sought by festival-goers. Several at Brecon merit remembrance, none more so than Keith and Marcia Pendlebury, he an eclectic, driving pianist and bonhomous personality, she a singer of much talent and extensive taste, nodding to all the greats, such as Billie Holiday, Lena Horne and Bessie Smith. The Pendleburys perform in Abersoch, in north-west Wales. Seek them out. Seek also the Rod Kelly quintet which, under the forceful leadership of trumpeter Kelly (based in Cheltenham), specialises in the characterful jazz associated with the legendary Blue Note label.

On Sunday afternoon, with the pubs shut, the tempo of the weekend flagged somewhat (next year why not have indoor concerts starting at 3 pm or thereabouts?).

But the closing memories of Brecon Jazz '85 are of happy emotion. Around midnight on the main bandstand the Dutch musicians played "The Ash Grove." Shortly after, the score or so members comprising the lusty London band Loose Tubes let loose their ultra-modern but not incoherent jazz on the happy, slightly sodden crowd. Then the roar of the Tubes quietened and fell away as the Bishop of Swansea and Brecon read a closing Blessing on the Festival. As he did so, the young musicians began blowing gentle, supporting riffs behind him as if saying "Amen, Amen, Hallelujah, Hallelujah."

Kevin Henriques

Solution to Chess No. 583

After 1...Q-N1; 2 N-Q7? (correct is 2 K-B1) Black announced mate in ten by 2...R-R8 ch; 3 KxR, R-R1 ch; 4 K-N1, R-R8 ch; 5 KxR, Q-R1 ch; 6 K-N1, Q-R7 ch; 7 K-B1, QxP ch; 8 K-K1, Q-B7 ch; 9 K-Q1, B-B6 ch; 10 K-B1, Q-K8 ch; 11 K-B2, Q-Q8 mate.

Video

All you ever wanted to know

ONE NEVER knows what to expect next in the ever-expanding field of non-fiction video. With teach-yourself cassettes you can already learn almost every skill from typing to taikwondo, and this month we have two contrasting tapes on the pleasures and hazards of sex.

In *What Do You Say To A Naked Lady?* America's Candid Camera supremo Allen Funt films innocent victims having close encounters with nude ladies (and/or gentlemen). The victims are confronted in everyday situations—walking through a hotel, shopping or sitting in a waiting room—with these stitchless apparitions, and as with all the best Candid Camera moments, farce rubs shoulders with devastating social observation.

A lady averts her eyes with desperate nonchalance from a naked male model while she waits in a photographer's studio. An office temp is startled when a nude statue comes to life. A series of men are rendered speechless by the series of visions emerging from a hotel lift. Fun for the whole family (except Aunt Edna) and guaranteed to break the ice at parties.

To show that video can also take sex seriously and scan its darker side, we have *Strong Kids, Safe Kids* (CIC), a guide for parents and young children on how to deter sex molesters. It is hard to see how a difficult subject could be better handled. The strengths of this 40-minute video are its unembarrassed tone and its shrewd enlistment of Henry Winkler (alias the Fonz) to wag a streetwise, older brother finger at the viewing kids. There are no ghastly attempts to enact encounters with sinister gents in raincoats or strangers offering sweets. All is in the words and the lucid, easy presentation.

Sex can also be the stuff of comic misunderstanding, as in *Romantic Comedy* (Warners). Dudley Moore and Mary Steenburgen play the newly twinned playwriting partners who drift into romance shortly after he takes his trousers down at their first meeting, thinking she is his new masseuse. The hilarity creaks at times — it's based on a Broadway play by Bernard (*Same Time Next Year*) Slade — but Moore props up the laughs whenever they totter with his special blend of suavity and panic.

Pick of the new non-cinema-released films which have hit the video shops are *Smorgasbord* (CBS/Fox), *Cloak and Dagger* (Precision) and *Mike's Murder* (Warners). The first is a Jerry Lewis film raised to memorability by three uproarious sequences: a psychiatrist's slipper floor, a guru undergoing "painless" surgery and a waitress on unstoppable autopilot. "Which dressing would you like?" she screeches in a voice like chalk on blackboard, while Lewis's face goes into its classic wincing cycle; "We have Mayonnaise, Hollandaise, Thousand Island, Hawaiian Island, 3-Mile Island. . . ."

Cloak and Dagger is a natty thriller for youngsters in which Henry Thomas (of *ET*) becomes ensnared in a murder plot, the key to which lies at the heart of a stolen video-game tape. Dashingly directed by Richard (*Psycho 2*) Franklin. And *Mike's Murder*, directed by James Bridges (of *Perfect*), gives a meaty part to Debra Winger as the girl friend of a done-in drug dealer who is increasingly fearful she might get done in herself.

There are also the notable big-screen films that have stepped into video this summer. Cecil B. DeMille's *Samson and Delilah* (CIC) is my second favourite among all Biblical epics (after *The Ten Commandments*), owing to Hedy Lamarr's slinky scissor-wielder, a woman no man would refuse a short back and sides from, and Victor Mature's accomplished destruction of the Temple of Dagon.

And Martin Scorsese's blood-on-the-ropes boxing yarn *Raging Bull* (Warners) snorts into video in brilliant black-and-white with a sizzling performance from Robert De Niro, rising from 150 pounds to 250. Best video of the month.

Nigel Andrews

Radio

Encounters of the amorous kind

THE OXFORD Companion (Drabble edition) tells me that Diderot's *Jacques le fataliste*, which I have not read, was influenced by Sterne. Radio 3 gave two hours of it on Sunday, and it did vaguely recall *Tristram Shandy* — though I have to believe that Diderot's original was wittier than Michael Henry's adaptation. This was amusing all right, and Jacques was nicely played in a North-country voice by Christopher Fairbank; but it seemed a bit short of philosophy.

Jacques is the valet (given the non-U pronunciation to rhyme with ballet) of an anonymous Master (John Rowe), having been wounded at Fontenay and left the army. As they ride about France, their adventures are interspersed with Jacques' accounts of his amorous encounters. He believes that "everything is written in the stars," that life is "like a great scroll that is unrolled little by little." If he believes that, he should not say things like: "If it had not been for that bullet, I would never have fallen in love," for the stars must have had his loves on their scroll anyway. Now and then the voice of Diderot himself (Norway Rodway) interposes with some deliberately inconclusive commentary. The reader's, or listener's, own conclusions must be that morality is weighted in favour of the less-worldly elements of society.

John Theocharis directed.

At about the same time, between *Lord Jim* and *Kidnapped*, Radio 4 gave a genial vignette of Sir Arthur Sullivan called *We Select an Englishman*—the proud reply at the Leeds Festival when they chose him as their conductor while Birmingham chose Richter. Sullivan really wanted to write music more important than the Savoy operas, in which he reckoned he was the servant of Gilbert's lyrics. We can see now that he was nothing of the kind; Gilbert's tumty-tumty rhythms are marvellously overcome, as in, for example, "The sun whose rays."

Arthur Jacobs's narrative, partly written in the persona of the critic Herman Klein, an intimate of Sir Arthur, has some intimate things to tell. Sullivan's long-standing mistress, glamorous American divorcee and amateur singer, entranced the Prince of Wales with her singing of "The Lost Chord". Sullivan called her L.W." for Little Woman. His letters and diaries suggest someone more tedious than that, and indeed he was happily frivolus, a compulsive gambler, a bit of a dandy. Without him we should not have had the Savoy Theatre or the Palace Theatre, built to house his grand opera *Ivanhoe*, which it did for 160 performances and then went bust.

The 500th anniversary of the battle of Bosworth brought up a fine *Richard III* for the Monday Play. Ian Holm, sinister and humorous, recalled his Richard for the RSC's *Wars of the Roses*; Barbara Jefford was a fine Queen Margaret and Melinda Walker a moving Anne; splendid Buckingham by Tom Wilkinson, good Clarence by Philip Voss, Jane Morgan directed.

I have a liking for Radio 4's 30-minute morning plays. Michael Arditti's *The Morning Room* covered half an hour in the lives of two aging siblings fresh from their mother's funeral. Sarah (Anna Massey), forswearing her own pleasures, had tended her since she was left a widow, and now wanted to enjoy her new liberty. Ralph (Hugh Dickson), a secretly gay teacher, was all for keeping the old house and its associations. The conclusion was both kind and cruel.

No doubt the addicts who were so indignant about Radio 3's choice of Duke Ellington as This Week's Composer have their ballpoints sharpened again for this week's George Gershwin. Music, Gershwin said, must repeat the thoughts and aspirations of the people. "My people are Americans." Only just, though, his parents were East European Jewish. Ellington was more an arranger than a composer, but Gershwin was a good composer within his chosen boundaries, and all the programmes I heard this week justified his choice.

B. A. Young

WEEKEND FT

Private view

Hats on in radio

IT WAS LBC's first day of transmission and the evening began, as it meant to go on, with a phone-in. The studio guest, an actor whose show had just opened, took a call from Norman of Notting Hill, or possibly it was Henry of Harringay.

Whichever he was, this first-time caller asked if indeed he was talking to the actor. Certainly he was, agreed the actor happily, possibly going on to mention that the musical in which he starred had seats available at all prices.

"You," declared Norman/Henry, "are a filthy pouf." "No," retorted the actor, a pro down to his finger-tips, "not *filthy*."

Today phone-ins are not quite live. They incorporate a delay before transmission, which enables the Normans and Henrys to be wiped out before their obscenities reach the nearby radio sets.

This is an undertandable precaution, but it means that part of the phone-in's appeal—possibly its only appeal—is lost, that of unpredictability. It is only when the unexpected happens that the programme takes off. In practice, they are a cut-price method of filling the slot until it is time for the next announcement about a Scout jumble sale, or an urgent warning about a snarl-up in the one-way system by the landerette.

Local stations are the worst offenders in this and indeed in all other sins that radio is heir to. They are dreadfully understaffed. A friend of mine is a News Editor transmitting to the South of London, a full-time job I should have thought. But he is also the specialist for Business, and for Health and Medicine, and for Local Government, and for Politics, and for Foreign Affairs (admittedly, there is not much call for that one) leaving only a few slots, such as Women's Interest and Religion, to his colleagues. In all, he has been landed with 15 out of 25 specialities, being excused Music and Motoring only because the Programme Co-ordinator has stepped into these gaps.

He is not alone. In the Orkneys, the Arts correspondent wears another hat, or boot, as the Agriculture expert, as the specialist in Ethnic affairs and much more. Elsewhere, staff resort to variations of their Christian names to pad out the numbers, sometimes calling themselves "Jeremy" and sometimes "Jerry."

With this kind of undermanning, it is no wonder that stations draw on a potential pool of contributors numbering hundreds of thousands—anyone, that is, prepared to ring them up, for free. It is like a newspaper running page after page of letters. It is odd no station is actually called Radio Buzby.

It is only when the listeners are queuing up to make pertinent remarks under tight control that the phone-in justifies itself, and Radio 4 generally manages this feat. But for the smaller broadcasting brethren, the most entertaining aspects take place backstage.

A colleague of mine on Punch once went to a London station to research an article. Realising that a brand new person—not their own Agriculture, Religious or Ethnic Correspon-

dent—was on the premises, the producer of the hour promptly dragged her into the studio, where she found herself on the receiving end of the current phone-in.

Suddenly she found herself spluttering through clouds of smoke. Her cigarette had set fire to the wastepaper-basket. Unfortunately, she managed both to answer racist Reg from Railton Road and to fan out the flames.

I use the word "unfortunately" because she deprived broadcasting of a landmark. If she had set the studio on fire, this would have led to the first ever *important* telephone call during a phone-in. To the fire brigade.

Jonathan Sale

Sport

The closed minds of open rugby

Nick Garnett looks at the parochialism that threatens to stunt Rugby League's growth

TWO TEAMS of 13 bulkily-built men whose fortunes over the next nine months will grip the imagination or depress the spirits of the honest citizens of Wigan and Castleford jog out on the turf of Wigan's Central Park tomorrow afternoon at the start of the Rugby League season.

A score of industrial towns and cities stretched along either side of the M62 Trans-Pennine motorway are staging similar games as they have since the Northern Union broke away from its Rugby Union roots 90 years ago.

The reason for the split was money. Working class players in the north wanted to play rugby, but could not afford to lose working days. The Rugby Union insisted on maintaining amateurism, a veneer which has lasted nearly a century.

The professional game in the north is doing pretty well as the new season begins, but never has it faced so many imponderables over spread and development, the burgeoning influence of Australasian players and shifts in coaching techniques and the relationship between players and management of the League's 34 clubs.

This is quite apart from the way rule changes which place a premium on speed as well as ball skills and brawn are reshaping the physique of the League player, a tendency compounded by the spread of American gridiron football and training methods in Australia, many of whose top players are developing enormous upperbody strength.

Because there is no line-out in Rugby League and man-to-man tackling requires a low centre of gravity, League players are shorter than those in the 15-man code but there is a greater requirement on speed, linked to body mass and durability. League statistics, for example show that a professional prop forward will make on average 40 tackles and handle the ball a further 50 times in a game.

The sport's sponsors like Silk Cut which puts in £140,000 a year, Slalom Lager, John Player and — the biggest of all, the BBC — are closely watching the direction in which the game might now be moving. It will also be of more than passing interest to people like myself who now find RL so exciting and addictive that Rugby Union club football has become virtually unwatchable.

The way the ball is kept in play (unlike Union the tackled player keeps the ball) the amount of passes taken by wingers, the need for backs to run with the ball and scarcity of the boring touch kick make it much more of a ball-handling spectacle.

Rugby League is buzzing but remains bedevilled in Britain by persistent weaknesses and its still feeble hold in the south. Bridgend and Southend Invicta have just dropped out of the league at least for a year leaving Fulham (playing at Chiswick) the only southern team. The quality and pace of the Wembley Challenge Cup Final between Wigan and Hull certainly gave it new friends. So too has the sheer volume of adrenalin pumped into the sport by some of the most devastating exponents of power running and ball play imported from Australia and New Zealand over the past two years, sometimes on lucrative contracts.

Mal Meninga, the tree-trunk legged but astonishingly fast centre was paid £30,000 by St Helens for one season. Wally Lewis, in whom the U.S. gridiron team Seattle Seahawks has shown interest as a half back was reputedly on £1,000 a game for Wakefield Trinity.

Yet the game remains bogged down by two of its fundamental problems. It is a sport run largely by men whose insularity and lack of vision undermines expansion and ensures that its foothold in the south remains slippery. "The game has no plan for the future," says Harry Edgar, editor of *Open Rugby*, a 20,000 circulation monthly magazine devoured by RL's devotees. "No one has sat down and said this is where we want to go. No sport is achieving less of its potential. It's a great product in the wrong package."

This is in stark contrast to the quite separate organisation of amateur Rugby League which has mushroomed from 150 to 900 teams and 20,000 players in little more than a decade, more than 30 teams in London and the South-West, in spite of continuing discrimination against the game by the union authorities.

At the same time, glaring disparities between professional clubs in playing technique and resources remain. First Division players usually receive match payment of a £150 for a win, £40 for a loss. With bonuses, contract payments and individual incentives, players in a cup winning side can earn over £10,000 a year though many in even the top division earn little more than £2,000.

Players at Doncaster, clinging on for years near the bottom of the Second Division might receive £60 for a win and £25 in defeat. Top Rugby Union players with phoney expenses and "boot money" make far more out of their game than this. Almost every player needs a normal full-time job.

The bleak windswept poorly-supported Hornets club in Rochdale, a team recently saved from extinction is a world away from a Hull — Hull Kingston Rovers derby game where Mercedes sprinkle the club car park and mini-skirted models provided by the match sponsors mingle with the crowd. Southend Invicta had a smaller gate for the whole season than the average 10,000 match gate at Wigan where Rugby league is a pain-killer for unemployment.

Is there life after the Australians Some of the biggest crowd-pulling names like Meninga, Brett Kenny at Wigan and Hull's mercurial scrum-half Peter Sterling have returned home to their tough Sydney and Brisbane leagues.

Can the league cope with growing pressures on the transfer and contract system? The relationships between players and their clubs is almost feudal, the club technically having the right to sell a player at will or prevent him from moving.

This has been creaking under the pressure from some players for proper contracts and the growing influence of players in the transfer market. The Players' Association affiliated itself to the TUC union Apex two years ago.

In the long run can Rugby League ever really break out of its northern stronghold and overcome the restricted outlook of the hardnosed men of the RL Council who elevated parochialism into an art form? Setting up a professional outfit outside Yorkshire and Lancashire has always proved an chialism into an art form? insurmountable task.

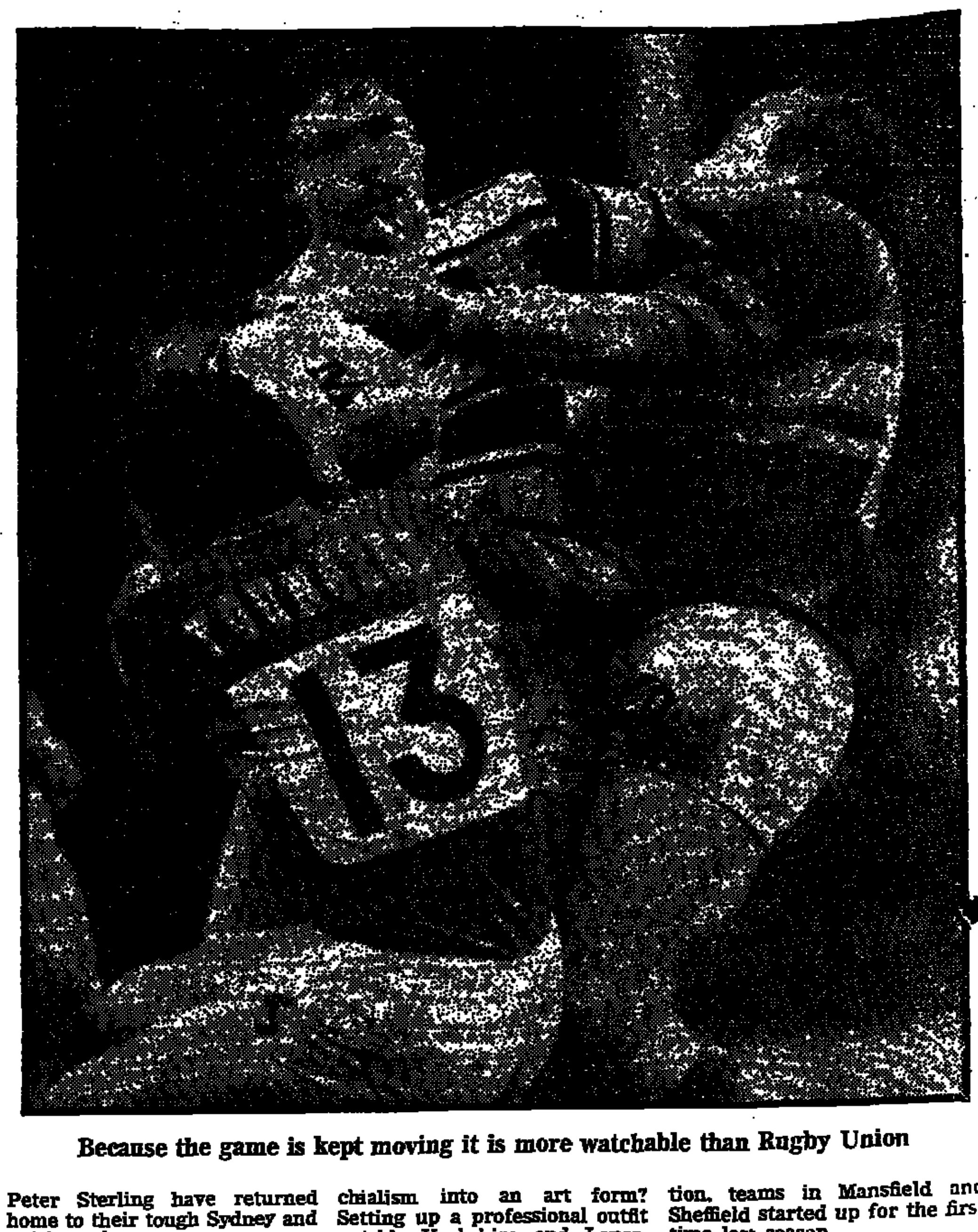
David Oxley, the Rugby League's secretary-general, Oxford University educated and a former Union player, has battled against these attitudes for years. "It is the entrenched backyard mentality that says its the greatest game in the world, but let's keep it to ourselves."

Amazingly, the British game has never had a full-time development officer (though it is now under consideration) in contrast to Australia where every state has one.

While professional Rugby League has never survived for long outside its northern bastion, teams in Mansfield and Sheffield started up for the first time last season.

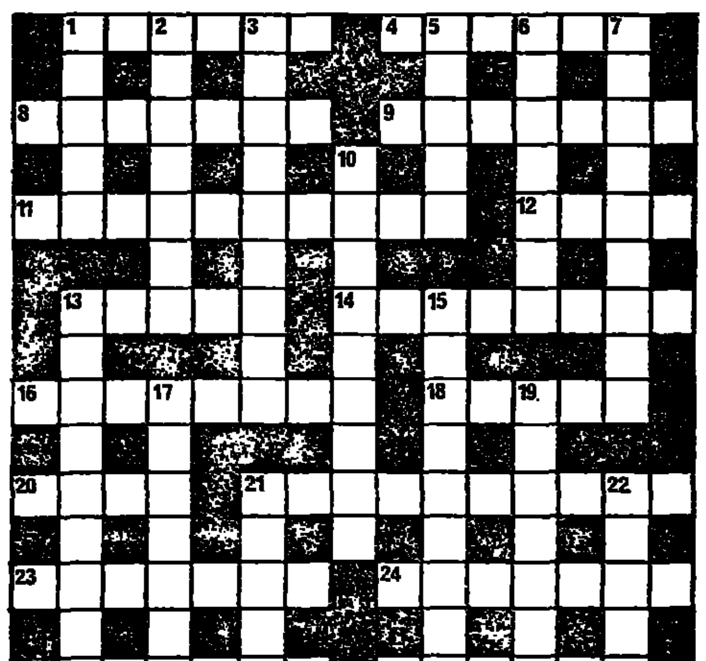
Performance on the international front has been just as dismal. Apart from Australia, New Zealand and Papua New Guinea, the only other country that plays the game is France. It was played but banned in Italy, and a South African Springbok side in the 1960s lasted one season.

National rugby league broadcasting has long been characterised by an over-earthy quality — first with Eddie Waring and now Ray French. Perhaps League should take a lesson from the BBC TV's commentators on RU, masters at persuading viewers that a barren home international has been wonderful. It is the stuff from which myths are made.



Because the game is kept moving it is more watchable than Rugby Union

F.T. CROSSWORD PUZZLE No. 5,809



Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

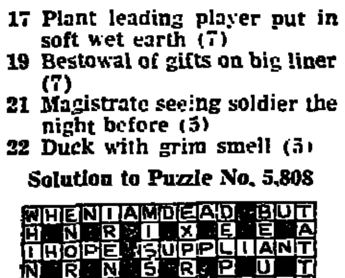
ACROSS

1 Masseur in a number of games (6)
4 Metal from leading city church (6)
8 Literary doctor having to deal with fainting fit (7)
9 Political opportunist in better order (7)
11 Dramatic effect of an untruth on people (10)
12 .1=0 (4)
13 Letter a long time being returned to doctor (5)
14 Curved wire round city (8)
16 French crime-investigator's torch (8)
18 Large marble passage (5)
20 Shut out accordingly (4)
21 Plant found in interval at school (4-6)
23 Child getting rough deal in run-through (7)
24 Colour in unusual rose-screen (7)
25 Signified assent but was guilty of a lapse (6)
26 Wander off-course in sea-trip to discover rubber (6)

DOWN

1 Sail with distinguished personage (5)
2 Animal with regard for the American horse - chestnut (4-3)
3 Space to walk required, and please hurry! (9)
5 The lady's no backward bird (5)
6 Turkish salmon perhaps has one (7)
7 Egg-head providing bird with a friend for ever (9)
10 Speech sure to disturb at dance-hall (9)
13 All too fallible unholy man (4, 5)
15 Oriental composer about to sport a swimsuit? (5, 4)
17 Plant leading player put in soft wet earth (7)
19 Bestowal of gifts on big liner (7)
21 Magistrate seeing soldier the night before (5)
22 Duck with grim smell (5)

Solution to Puzzle No. 5,808



SOLUTION AND WINNERS OF PUZZLE NO. 5,804

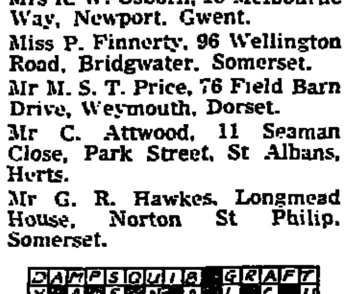
Mrs R. W. Osborn, 16 Melbourne Way, Newport, Gwent.

Miss P. Finnerty, 96 Wellington Road, Bridgwater, Somerset.

Mr M. S. T. Price, 76 Field Barn Drive, Weymouth, Dorset.

Mr C. Attwood, 11 Seaman Close, Park Street, St Albans, Herts.

Mr G. R. Hawkes, Longmead House, Norton St Philip, Somerset.



TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Saturday Picture Show. 10.55 Grandstand including 1.00 pm News Summary, Cricket (England v Australia), Football Focus, Golf (Panasonic European Open), Racing from Chester, Boxing from the USA, Athletics, and at 4.40 Final Score. (4.55 Northern Ireland only: Northern Ireland Results).

5.05 News. 5.15 London—Sport; South-West (Plymouth) — Spotlight Sport and News; All other English regions—Sport and Regional News; Wales—Sports News Wales; Scotland—Scottish News and Sport; Northern Ireland—Northern Ireland News and Sport. 5.20 The Montreux Rock Festival. 6.10 Anything Goes. 6.55 Film: "Catlow" starring Yul Brynner. 8.35 Are You Being Served?. 9.05 News and Sport. 9.20 Shogun. 11.40 Late Night in Concert featuring Elkie Brooks.

BBC 2

3.10-6.15 pm Cricket: Sixth Test (England and Australia). 6.15 Great Western Journey. 7.30 News and Sport. 7.45 Sunsplash 85. 8.35 Film: "Irma La Douce" starring Jack Lemmon and Shirley MacLaine. 10.55 Cricket: Sixth Test (highlights of today's play). †11.25-1.30 am Film: "The Apartment" starring Jack Lemmon with Shirley MacLaine.

LONDON

6.15 am TV-am Breakfast Programme. 9.25 Walt Disney Presents. 9.30 Adventure of a Lifetime. 9.55 "These Magnificent Men in Their Flying Machines" starring James Fox, Sarah Miles and Terry-Thomas. 12.15 pm World of Sport including 12.20 Cycling. 12.45 News. 12.50 On the Ball. 1.20 The ITV Five from Sandown and Ripon. 2.40 Athletics. 3.00 Speedway. 3.45 Half-time Soccer Round-up. 4.00 Speedway and Athletics. 4.45 Results.

5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Child's Play. 7.00 Russ Abbot's Madhouse. 7.30 3-2-1. 8.30 Dempsey and Makepeace. 9.30 News and Sport. 9.45 London News Headlines followed by Movie Premiere: "A Killer in the Family" starring Robert Mitchum. 11.30 25 Years at the Marquee. 12.25 am Night Thoughts.

CHANNEL 4

1.00 pm I Could Do That. 1.25 Making the Most Of . . . †1.55 "The Woman in Question" starring Jean Kent with Dirk Bogarde, Susan Shaw and John McCallum. †3.30 "Zaza" starring Claudette Colbert. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 Babble. 7.00 News Summary followed by Rejoice. 7.30 Union World. 8.00 World of Animation. 8.15 The Boy in the Bush. 9.20 Casualties of Conflict. 10.15 Hill Street Blues. †11.15 "Notorious" starring Ingrid Bergman with Cary Grant and Claude Rains. 1.05 am The Paul Hogan Show.

S4C WALES

1.10 pm The World—A Television History. 1.40 The Press Gang. 2.10 Fathers by Sons. 3.10 Spaceflight. 4.10 Feature Film: "Summer Rock." 6.05 Everyone a Special Kind of Artist. 6.30 The Coral Jungle. 7.30 Newyddion. 7.45 Llun ar y sgrin. 8.15 Helfa Drysor. 9.15 Lou Grant. 10.15 Feature Film: Starring Charles Boyer and Lauren Bacall with Katina Paxinou and Peter Lorre.

REGIONS

IBA Regions as London except at the following times:

ANGLIA
11.30 pm Cher at Caesars Palace. 12.30 am At the End of the Day.

BORDER
11.30 pm Hearts and Bones (Paul Simon).

CENTRAL
11.30 pm Magnum.

CHANNEL
9.25 am Captain Scarlet and the Mysterons. 9.50 Cartoon Alphabet. 10.15 Henson's Place. 11.17 Puffin's Pie(a)ice. 11.20 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.06 Puffin's Pie(l)ce. 5.10 Connections. 11.30 Rock of the 70s.

GRAMPIAN
11.30 pm Studio One in Concert—"The Associates." 12.00 Reflections with Mrs Sylvia Taylor, from Broughty Ferry.

GRANADA
11.30 pm Rod Stewart—Tonight He's Yours (a concert in Los Angeles in 1981). 1.05 am That's Hollywood (the Funny Side of Hollywood).

HTV
12.13 pm HTV News. 11.30 Party With the Rovers.

SCOTTISH
11.30 pm Late Call. 11.35 Man in a Suitcase.

TSW
9.25 am Captain Scarlet and the Mysterons. 9.50 Cartoon Alphabet. 10.15 Henson's Place. 11.17 Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 Connections. 11.30 Rock of the 70s (Black Sabbath). 12.05 am Postscript. 12.10 South West Weather and Shipping Forecast.

Claudette Colbert
Channel 4, 3.30 pm

TVS
12.12 pm TVS Weather. 11.30 Peter Starstedt—A Portrait. 12.10 am Company.

TYNE TEES
9.25 am Morning Glory. 11.30 pm Studio One in Concert. 12.00 Poet's Corner: Maxwell Dees reads two poems of holiday memory by Elvet Smith.

ULSTER
12.43 pm Lunchtime News. 5.03 Ulster News. 9.43 Ulster News. 11.30 Sports Results. 11.35 Harvest Jazz: Dexter Gordon. 12.00 News at Bedtime.

YORKSHIRE
9.25 am Regional Weather Forecast. 11.30 pm The Master.

RADIO

BBC RADIO 2
(S)=Stereo on VHF
8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 12.30 pm The Random Jottings of Hinge and Bracket (S). 1.00 The Grumbleweeds. 1.30 Sport On 2, including Football, Cricket: 6th Cornhill Test—England v Australia at The Oval (3rd day). Golf: Panasonic European Open at Sunningdale. Speedway: World individual final. Athletics: GRE Club Finals, plus news of U.S. Open Tennis Championships and Road Racing from the World Cycling Championships. 5.00 Sports Report (classified football results), and at 5.45 Racing Results. 6.00 Folk On 2. 7.00 Three In a Row. 7.30 Cricket Scoreboard: Gala Concert (S). 9.30 String Sounds (S). 10.02 Sports Desk. 10.05 Martin Kelner (S). 12.05 am Sports Desk: Night Owls (S). 1.00 Jean Challis presents Nightride (S). 3.00-4.00 Country Concert (S).

BBC RADIO 1
7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.30 Holst and Vaughan Williams (S). 11.00 Edinburgh International Festival 85. Lucia Popp (soprano) at the Queen's Hall. Part 1: Prokofiev, Dvorak (S). 11.30 The Double Happiness Company (short story). 11.45 Recital. Part 2: Schumann (Frauenliebe und-leben). 1.00 pm News. 1.05 Ormandy Conducts the Philadelphia Orchestra (S). 2.00 Israel Piano Trio (S). (2.40 Interval Reading). 3.35 Berlin Philharmonic Orchestra conducted by Christoph von Dohnanyi. J. C. Bach, Alfred Schnittke (first performance of the Violin Concerto No 4, with Gidon Kremer). Strauss (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.05 Jakob Lindberg. Lute music from Italy and France (S). 7.30 Proms 85. BBC Philharmonic Orchestra, part 1: Maxwell Davies (Symphony No 3) (S). 8.20 Five Letters from an Eastern Empire by Alasdair Gray. 8.40 Proms Part 2' Brahms Piano Concerto No 2 (with John Lill) (S). 9.40 Trees, Stones and Water. The Welsh poet Leslie Norris reads a new sequence of poems. 10.00 The English Concert (S). 10.40 Double Reed Virtuosity (S). 11.15 The Romantic Motet (S). 11.57-12.00 News.

Medium wave as above except: 10.55 am-6.35 pm Cricket: Sixth Test, England v Australia at The Oval (3rd day).

RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4 with Barry Norman. 8.48 Breakaway. 9.50 News Stand. 10.05 Talking Politics. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; A Small Country Living. 12.27 pm Quote . . . Unquote (S). 12.55 Weather. 1.00 News. 1.10 Home from Home (S). 1.55 Shipping Forecast. 2.00 News; The Afternoon Play. 3.00 News; Humour in Music. 3.30 Great Gardens. 4.15 pm Everyone Wants to Win. 4.45 An Infamous Address. 5.00 Wildlife (S). 5.25 Aspects of the Fringe (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Explorers Extraordinary (S). 7.10 Please Don't Pick the Apples. 7.45 Baker's Dozen. 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Animal Language (S). 11.00 Science Now. 11.30 In One Ear (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Knock! Knock! 9.30 This is the Day. 10.00-10.30 Asian Magazine. 12.35 pm Farming. 1.00 News Headlines. 1.05 Bonanza. 1.50 Cartoon. 2.00 EastEnders. 3.00 Tom and Jerry. 3.10-5.10 Adventure Matinee: "The Way West" starring Kirk Douglas, Robert Mitchum, Richard Widmark and Lola Albright.

5.10 Antiques Roadshow. 5.50 Watchdog. 6.20 Write Now! 6.30 News. 6.40 Songs of Praise. 7.15 Open All Hours. 7.45 Howards' Way. 8.35 Whicker's World. 9.30 In Sickness and in Health. 10.00 News. 10.15 Heart of the Matter. 10.50 Still on the Move. 11.20 History on Your Doorstep.

BBC 2

1.55-6.50 pm Sunday Grandstand including Golf, Cricket and Motor Sport. 6.50 News Review. 7.15 An Actor's Life For Me. 7.45 Top Crown. 8.30 The Back Game. 9.00 Scoraig. 10.00 Film: "The Group" starring Candice Bergen and Joan Hackett. 12.25-12.35 am Music at Night.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake-Up London. 9.35 Woody Woodpecker. 9.45 Yakky Doodle Duck. 10.00 Morning Worship. 11.00 Link. 11.30 In the Mouth of the Dragon. 12.00 Breadline Britain. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Happy Days. 2.00 London News Headlines followed by The Lesson in Ulster. 2.30 "The Race to the Pole" starring Richard Chamberlain and Rod Steiger. 4.20 The Spare Tyres. 5.00 Bullseye. 5.30 Sunday Sunday. 6.30 News. 6.40 Highway. 7.15 Albion Market. 7.45 "Lace 2." 9.15 News. 9.30 The Adventures of Sherlock Holmes. 10.30 London News Headlines followed by Churchill's Few. 11.30 Show Express with James Last. 12.00 One Antarctic Summer. 12.50 am Night Thoughts.

CHANNEL 4

1.00 pm Atlantean. 1.55 Elia Kazan—An Outsider. 3.00 All Ireland Hurling Final. 5.00 World of Animation. 5.15 News Summary followed by The First Christian. 6.15 World Student Games. 7.15 English Silk. 8.15 People to People presents You Had to Laugh, followed by We Owed and Ran. 9.15 American Short Story. †10.05 "Virginia City" starring Erroll Flynn with Randolph Scott, Miriam Hopkins and Humphrey Bogart.

S4C WALES

2.00 pm Union World. 2.30 Wales: Landscape and Legend. 3.00 All Ireland Hurling Final. 5.00 The First Christian. 6.00 Shades of Green. 6.15 World Student Games. 7.20 Newyddion. 7.30 Tebyg at ei debyg. 8.00 Pwy sy'n perthyn? 8.30 Mwynhau'r pethe. 9.05 Dechrau canu, dechrau canmol. 9.35 The Hidden Curriculum. 11.20 Rejoice.

REGIONS

IBA Regions as London except at the following times:

ANGLIA
9.30 am At Home. 1.00 pm Mr Smith. 1.25 Weather Trends. 1.30 Farming Diary. 4.20 Live Aid. 5.30 Bygones. 6.00 For Valour. 11.30 Session. 12.30 am Anthology.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm The Invisible Man on the Jesus Boat. 1.30 Farming Outlook. 4.20 Just Amazing 5.05 The Groovy Ghoulies 5.30 The Zodiac Game. 6.00 Bullseye.

CENTRAL
9.25 am The Wonderful World of Professor Kitzel 9.30 In the Mouth of the Dragon. 11.30 Gardening Time. 1.00 pm Captain Scarlet and the Mysterons, 1.30 The Adventurer. 4.20 Cartoon Time, 4.30 British Candid Camera. 5.30 Thank You Very Much—Cliff Richard and the Shadows. 11.30 Air Supply in Hawaii.

CHANNEL
12.25 pm Today's Weather. 12.26 Starting Point. 12.30 Getting On. 1.00 The Protectors. 1.30 The Adventure of a Lifetime. 4.20 The Vintage Spirit. 5.30 Puffin's Pie(i)ce. 5.33 The Fall Guy. 6.26 Channel News Headlines. 11.30 Quincy.

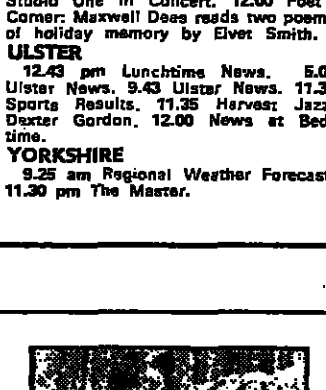
GRAMPIAN
9.25 am Cartoon. 9.30 Flintstone Frolics. 10.00 Sesame Street. 1.00 pm Farming Outlook. 1.30 Wild Heritage. 4.20 Cartoon. 4.30 The Pruitts of Southampton. 5.30 Scotsport. 11.30 Barney Miller. 12.00 Reflections.

GRANADA
9.25 am Miniature Chess Masterpieces. 9.35 Window on the World. 11.00 In the Mouth of the Dragon. 11.25 Aap Kaa Hak. 11.30 This Is Your Right. 1.00 pm The Baron. 4.20 The Beverly Hillbillies. 4.45 Blockbusters. 5.15 Just Amazing! 6.00 Bullseye. 11.30 The New Avengers.

HTV
9.25 am The Get Along Gang. 9.50 Science International. 1.00 pm The Great Whites of Dangerous Reef. 4.20 Cartoon Time. 4.30 Paul Newman—At the Limit. 5.30 Falcon Crest. 6.35 HTV News. 11.30 The Streets of San Francisco.

HTV Wales— As HTV West except: 2.30 Paul Newman At the Limit. 3.00-5.00 Wales and the West Show Jumping Derby.

SCOTTISH
9.25 am Cartoon Time, 9.30 In the Mouth of the Dragon. 10.00 Sesame Street. 11.30 The Lesson is Ulster. 1.00 pm Dreams. 1.30 Farming Outlook. 2.00 That's the Spirit. 4.20 Cartoon Time, 4.30 Whose Baby? 5.30 Scotsport. 11.30 Late Call. 11.35 The New Avengers.



Erroll Flynn and Miriam Hopkins, Channel 4, 10.05 pm

TSW
9.25 am Link, followed by South West Link. 11.00 am In the Mouth of the Dragon. 11.25 Look and See. 11.30 The South West Week. 11.55 Postscript. 1.00 pm The Protectors. 1.30 Adventures of a Lifetime. 4.20 The Vintage Spirit. 5.30 Gus Honeybun's Magic Birthdays. 5.33 The Fall Guy. 11.30 The South West Week. 12.00 Benson. 12.25 am Postscript.

TVS
9.25 am Woody Woodpecker. 9.30 Fangface. 1.00 pm Hardcastle and McCormick. 5.30 Hart to Hart. 11.30 Man in a Suitcase. 12.30 am Company

TYNE TEES
9.25 am Morning Glory. 9.30 Link. 11.00 In the Mouth of the Dragon. 11.25 Lookaround. 11.30 Captain Scarlet and the Mysterons. 1.00 pm Farming Outlook. 1.30 At Home with Ian McCallum. 4.20 Cartoon Time. 4.30 Bijou Bygones. 5.30 Magnum. 11.20 Epilogue.

ULSTER
12.58 pm Lunchtime News. 1.00 The Nature of Things. 1.58 Farming Weather. 4.20 Cartoon. 4.30 Short Story Theatre. 5.30 The Love Boat. 6.38 Ulster News. 9.27 Ulster News. 11.30 Sports Special. 11.35 Festival Folk. 12.00 News at Bedtime.

YORKSHIRE
9.25 am Regional Weather Forecast followed by Link. 11.00 In the Mouth of the Dragon. 11.30 Farming Diary. 1.00 pm The Champions. 4.20 Cartoon Time. 4.30 Zodiac Game. 5.30 Hart to Hart. 11.30 The New Squadronaires. 12.00 Five Minutes.

RADIO

(S)=Stereo on VHF

BBC RADIO 2
7.30 am Roger Boyle says Good Morning Sunday (S). 9.00 Melodies for You (S). 11.00 Desmond Carrington with Your Radio 2 All-Time Greats (S). 1.00 Brian Matthew presents Two's Best (S). 2.00 Stuart Hall's Summer Sounds. 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights introduced by Gordon Clyde. 8.30 Sunday Half-Hour from St Maur's Convent, Weybridge. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.02 Sports Desk. 10.05 Songs From the Shows. 10.45 Ken Moule at the piano. 11.00 Sports Desk; Sounds of Jazz (Stereo from midnight). 1.00 am Jean Challis presents Nightride (S). 3.00-4.00 am Brian Matthew presents Two's Best (S).

BBC RADIO 3
7.00 am News. 7.05 Walter Gieseking. 8.00 Bach Cantatas—1724 (S). 8.25 Handel Sonatas and Organ Concertos (S). 9.00 News. 9.05 Your Concert Choice (S). 10.45 Prom Talk. 11.15 Edinburgh International Festival 85. Pittsburgh SO conducted by Maazel (recorded concert). Part 1: Mendelssohn, Stravinsky (S). 11.50 Words. 11.55 Concert. Part (2: Franck (Symphony in D minor) (S). 1.00 pm French Piano Music (S). 1.45 Carlos Barbosa-Lima (guitar) in chamber music by Vivaldi and Santorsola (S). 2.15 "Akhnaten." Opera in 3 acts by Philip Glass—English National Opera's production, recorded last June (S). (3.05-3.10, 3.55-5.00 Interval readings). 4.50 Flute Trios (S). 5.30 Pity the Planet. 6.30 Beethoven. 7.00 "The Contemplative Life," comedy by Marcia Kahan inspired by Robert Browning's pome "Soliloquy of the Spanish Cloister" (S). 7.30 Proms 85. London Classical Players conducted Roger Norrington. Part 1: Haydn, Mozart (S). 8.15 Five Letters from an Eastern Empire by Alasdair Gray. 8.35 Proms 85. Beethoven (Symphony No 6, Pastoral (S). 8.35 Proms 85, piano recital by Michele Campanella (S). 10.15 The Living Poet (Vernon Scannel). 10.35 Alban Berg Quartet (S). (11.05 Interval reading). 11.57-12.00 News.

RADIO 4
7.00 am News. 7.10 Sunday Papers. 7.15 Alpha Hi Ghar Sumajhiye. 7.45 Bells. 7.50 Turning Over New Leaves. 7.55 Weather; Travel. 8.00 News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Chris Bonnington talks for the Week's Good Cause about the work for the young of the Reiner Foundation. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News; Young Lives. 4.30 The Living World. 5.00 News; Travel. 5.05 Down Your Way. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Travelling Bass. 6.30 A Good Read. 7.00 Travel; Lord Jim (S). 7.30 A Musical Evening with Josephine Veasey. 8.30 Literary Walks. 9.00 News; Howard's End. 9.58 Weather. 10.00 News. 10.15 You the Jury. 11.00 Grace in the Devil's Territory. 11.15 The Lighthouse Invites the Storm. 12.00-12.15 am News.